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of the

Provincial-Local Government
Committee

on

Property Tax Reform

April, 1978



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April, 1978

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REPORT OF THE PROVINCIAL-LOCAL GOVERNMENT COMMITTEE
ON PROPERTY TAX REFORM

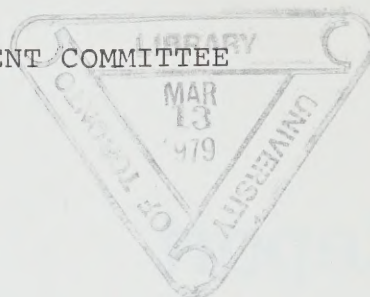


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INTRODUCTION

The Treasurer of Ontario, the Honourable W. Darcy McKeough, outlined proposals for reform of property taxation in Ontario on January 4, 1978. At the same time, he asked the Municipal Liaison Committee and School Board Associations of the province to form a committee of local government representatives to study and report on the proposals by March 31, 1978.

This Report is the result of the Committee's analysis of the Alternative System of property taxation proposed on January 4. In view of the limited time available, the Committee was not able to study some aspects of the property tax system in as much depth as desired. It nevertheless chose not to delay reporting to the Treasurer since this would only serve to delay the early introduction of tax reform.

The basic issues in property taxation have already been well documented in a series of analyses which began with the Smith Report in 1967. These documents, produced by both the Provincial Government and other commentators, are, for the most part, consistent in their treatment of the major issues. The Committee did not therefore devote much time to reiteration of these issues. Instead, it focussed much of its attention on analyzing the empirical effect of various reform proposals, using market value assessment data which had not been available at the time the other reports were produced.

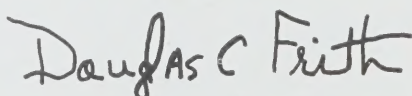
The main conclusion reached by the Committee was that continuing with the present property tax system was unacceptable and that reform should be implemented as soon as possible. However, the Committee became aware that a sudden change from the existing system to a fully equitable system would cause major shifts in tax burdens. The Committee therefore came to the position that property tax reform might best be considered as a two-stage process, with one stage in 1979 and a second five years later, when changes from the first stage had been fully assimilated.

Accordingly, in framing some of its recommendations for implementation in 1979, the Committee took a position between the existing system and full equity. These recommendations would have the effect of introducing more equity into the system immediately, but at the same time, would prevent major disruptions for ratepayers and local governments alike. Where such a position was necessary, the Committee also recommended a review be undertaken within five years, with a view to implementation then of the second stage of reform necessary to achieve full equity.

The report represents the consensus position of the Committee; dissenting opinions on certain items are attached.

The Committee would like to express its appreciation to all the provincial and local government staff who contributed to its work, and especially to the members of the Technical Sub-Committee listed in Appendix II.

Respectfully submitted,

A handwritten signature in dark ink, reading "Douglas C Frith". The signature is written in a cursive, slightly slanted style.

Douglas Frith

on behalf of the Provincial-Local Government
Committee on Property Tax Reform

Chapter 1: TAXATION OF RESIDENTIAL PROPERTY

The Alternative System proposed that all residential properties in Ontario be taxed on 50% of market value. This would result in a reduction in the share of total property taxes paid by residences, as called for in every property tax reform proposal since the Smith Report (1967). However, as pointed out in the Treasurer's Statement of January 4, the Alternative System would have a significantly different effect in Metro Toronto than elsewhere in the province. Using 1977 data, it is estimated that under the Alternative System:

- . Average taxes on single family residences would rise about \$100 in Metro Toronto, compared to an average fall of nearly \$100 elsewhere in the province;
- . Average taxes on multiple residences with 2 to 5 units would rise \$20 in Metro Toronto, but fall \$35 elsewhere in the province;
- . Average taxes on multiple residences with more than 5 units would fall \$350 in Metro Toronto and \$165 elsewhere in the province.

Further details are shown in Table 1.

The difference between the results for Metro Toronto and those for the Rest of Province category in Table 1 are partly due to the unique mix of different types of real property in Metro Toronto. In addition, the present Metro Toronto assessments discriminate, to a greater degree than elsewhere, against commercial property and residential property with more than 5 units, and in favour of single family residences.

TABLE 1

AVERAGE RESIDENTIAL TAX BURDENS 1977

ALTERNATIVE SYSTEM

	Metro Toronto		Rest of Province		Total Province	
	Actual	Alternative System	Actual	Alternative System	Actual	Alternative System
	\$	\$	\$	\$	\$	\$
Single Family Residences	849	955	535	441	597	542
Multiple Residences - 2 to 5 units	405	428	238	203	288	269
Multiple Residences - more than 5 units	623	273	342	178	467	220
All Residences	704	638	468	371	530	440
Residential Share of Total Property Taxes	45%	41%	55%	42%	50%	42%

SOURCE: TEIA Estimates

The Committee did not consider that the disparities in tax shifts between Metro Toronto and the rest of the province were sufficient grounds for development of a separate property tax system for Metro Toronto alone. The Committee did, however, recognize that Metro Toronto would experience far greater residential tax shifts than other areas in moving from the existing position to any system which provided a like treatment of like properties throughout Ontario. This would be particularly the case for those properties in the City of Toronto with partial exemptions from property taxes of up to \$70. Accordingly, the Committee resolved to define a standard property tax system for the province, and to make special provisions to enable Metro Toronto to phase its movement from the present system to the new province-wide system.

Before coming to this conclusion, the Committee gave serious consideration to similar proposals advanced independently by the City of Toronto and the Town of Massey. This proposal would allow individual municipalities to vary the share of total taxes paid by residential and other classes of property according to their own particular circumstances. Municipalities faced with increases in residential taxes could therefore negate these tax shifts at their own discretion. In addition, this proposal would provide local government with the means to use its tax base as a policy tool. On the other hand, the proposal would destroy province-wide consistency and comparability. It could also lead to an erosion of the tax base through inter-municipal competition for industry, and a reduction in investment in real property by adding to business uncertainty. The Committee felt that such a system could be given serious consideration at some future date, but chose not to recommend it under the current economic circumstances.

The Rest of Province category includes 36 municipalities in which average residential taxes would rise more than \$50 under the Alternative System (based on 1976 data). Eight of these municipalities responded negatively to the January 4 proposals because of this fact. In many of these cases, the tax shift to residential properties is caused, or at least compounded, by the municipalities having equalization factors significantly out of line with the provincial average. Market value assessment therefore results in their having a decrease in assessment-related grants at the same time as their share of school (and, in southern Ontario, county) costs increase.

The Committee concluded that these instances were relatively rare and represented the elimination of present inequities. It therefore decided that these tax shifts should be dealt with through the general phase-in procedures described in Chapter 8 rather than through special provisions.

In examining the distribution of taxes between residential and commercial properties, the Committee attempted to strike a balance between meeting the concerns of homeowners faced with rising property taxes, and those of the business community faced with an uncertain investment climate and severe competition from outside Canada. It noted that many individuals, in their responses to the January 4 proposals, addressed the difficulties faced by senior citizens on low fixed incomes, and that this problem would be largely overcome by the enriched tax credits for pensioners announced in the 1978 Ontario Budget. The Committee also recognized the numerous difficulties presented in briefs from various businesses and business associations, particularly small businesses. These issues are addressed in detail in Chapter 2. The Committee could not, however, agree with those submissions which called for taxation on 100% of market value for residences in order to reduce business sector taxes.

TABLE 2

AVERAGE RESIDENTIAL TAX BURDENS 1977

	<u>COMMITTEE SYSTEM</u>					
	<u>Metro Toronto</u>		<u>Rest of Province</u>		<u>Total Province</u>	
	<u>Actual</u>	<u>Committee System</u>	<u>Actual</u>	<u>Committee System</u>	<u>Actual</u>	<u>Committee System</u>
	\$	\$	\$	\$	\$	\$
Single Family Residences	849	927 (857)	535	429	597	528
Multiple Residences - 2 to 5 units	405	415 (383)	238	196	288	261
Multiple Residences - more than 5 units	623	398 (436)	342	256	467	320
All Residences	704	666 (639)	468	376	530	451
<u>Residential Share of Total</u>						
Property Taxes	45%	43% (42%)	55%	43%	50%	43%

NOTE: Figures in brackets show estimated average residential tax burdens if single family residences and multiple residences - 2 to 5 units were taxed on 45% of market value, and multiple residences were taxed on 80% of market value.

SOURCE: TEIA Estimates

Before finalizing its conclusions on the residential share of total taxes, the Committee considered the tax shifts for each of the three categories of residential properties. It was informed that single residences include condominiums and cottages, and that the Multiple Residences - 2 to 5 units category includes a variety of different types of structures, such as duplexes, conversions, single family residences with attic and/or basement apartments and rooming houses. These vary significantly in structure and in the types of tax shifts experienced under market value assessment. The Multiple Residences - more than 5 units category includes relatively homogeneous properties built exclusively for rental purposes, which would have uniformly large tax decreases under the reform proposals.

The Committee considered, given the relatively small changes in average taxes on properties with 1 to 5 residential units, whether it was appropriate to have an average tax reduction of 56% on properties with more than 5 residential units. It therefore examined the different treatment of owners and tenants of property for income tax purposes, and also the costs of providing local government services to different types of property. The Committee decided that neither these factors, nor the pursuit of any other social goals, provided a clear cut justification for a higher rate of tax for multiple dwelling units.

On the other hand, the Committee noted that property taxes account for about 20% of apartment operating costs and that whatever arrangements were made for passing through tax decreases to tenants, it was likely that potential capital gains could accrue to owners of these properties from a major decrease in their property taxes. In addition, the large number of high rise apartments in Metro Toronto would mean that a higher rate of tax on these properties could provide a significant degree of relief for owners of single family residences.

The Committee also noted very few submissions regarding the Alternative System had been made by tenants or tenants' associations, and also very few from owners of residential rental units.

In weighing these considerations, the Committee concluded that this was one area - others are outlined in the following chapters - in which a direct move from the current system to a fully equitable system would cause unacceptably large tax shifts. It resolved therefore that the move to full equity should be made in two stages - the first immediately, and the second in five years time, when the system had fully adjusted to the first round of changes.

THE COMMITTEE THEREFORE RECOMMENDS

- 1.1 That, for the province as a whole, single residences (defined to include properties up to and including 5 residential units) should be taxed on 50% of market value and multiple residences (more than 5 units) should be taxed on 75% of market value.
- 1.2 That in Metro Toronto some flexibility be allowed in the weightings of single (as defined above) and multiple residences. A weighting of 45% for single residences and 80% for multiple residences might be appropriate, but the final decision should be left to Metro Toronto in consultation with its area municipalities.
- 1.3 That such flexibility continue for a limited period of up to 3 years, after which time Metro Toronto would phase its weightings to those in the rest of the province. The phase-in period should also be of limited duration.

- 1.4 That during the period in which Metro Toronto's weightings were not the same as elsewhere in the province, all grant entitlements would be calculated as if Metro were using the same weightings as the rest of the province.
- 1.5 That whatever weighting is decided for Metro Toronto, it should be standard for all municipalities in Metro and should apply for all levies and apportionments within Metro. It should also apply without change over the period before phasing toward the rest of the province starts.
- 1.6 That, in addition to the monitoring and revision of percentages proposed in the Alternative System, the percentages of market value assessment used for taxation of residences be reviewed within 5 years time with a view to eliminating, or at least reducing, the differential between multiple residences with more than 5 units and other types of residences.

Table 2 summarizes the average effects of these recommendations on residences.

The above recommendations could lead to an average tax decrease of around \$200 for multiple residences with more than 5 units in Metro Toronto, depending on the decisions taken in Metro. Elsewhere in the province, and on multiple residences with 2 to 5 units in Metro, the average decreases on multiple units would be less than \$100. In considering whether such decreases should be passed on to tenants, the Committee noted that:

- . if rent controls were in effect during implementation, property tax decreases could be passed on automatically through this mechanism;
- . if rent controls were not in effect, the only available mechanism for a pass-through to tenants would be rebates similar to those used under the Residential Property Tax Reduction Program (1968-1971). This mechanism proved costly and cumbersome to administer for both municipalities and landlords due to the rapid turnover of tenants in many rental premises.
- . under normal conditions the market should determine fair rentals inclusive of all costs.

THE COMMITTEE THEREFORE RECOMMENDS

- 1.7 That if rent control continues into 1979, the maximum increase in rents allowed for that year be set with reference to the average tax decreases resulting from property tax reform.
- 1.8 That there be no special mechanism to pass tax decreases on residential property through to tenants.

The Committee considered licensing of mobile homes, and was informed that there would be very little, if any, such licensing in the future, because a recent Supreme Court of Canada decision made all mobile homes liable for assessment and real property taxation. Concern was expressed that if licensing did continue to any degree, school boards should be involved in the setting of the licence fees, since they shared in the revenue raised from licences.

THE COMMITTEE THEREFORE RECOMMENDS

- 1.9 That The Municipal Act be amended to provide for the involvement of school boards when licence fees for mobile homes are set.

A number of responses to the Alternative System, as well as the AMO response to the Blair Report, were concerned with the amount of land which would be taxed at 50% of market value in cases where residences were situated on large land holdings. The Committee was informed that the variety of circumstances under which residences are found on large land holdings makes it practically impossible to lay down specific standards on how much land should be treated as part of the residence.

THE COMMITTEE THEREFORE RECOMMENDS

- 1.10 That residences be defined to include a reasonable amount of land, but that the definition of "reasonable" be left to the discretion of the Provincial assessors, subject to general publicly available guidelines which take into account local circumstances and planning policies.

Chapter 2: TAXATION OF COMMERCIAL AND INDUSTRIAL PROPERTY

Under the existing system, commercial and industrial properties contribute 40% of total property taxes. Under the Alternative System their share of total taxes would rise to 41%, while if the Committee's recommendations for residential property were implemented, and the Alternative System otherwise left unchanged, their share would remain at 40%. The Committee felt that this was an appropriate level for the aggregate of all property taxes on commercial and industrial property, and that no increase in this level could be justified, particularly given the current unsettled economic outlook. On the other hand, there could be no reduction in this level given the primary objective of decreasing the residential share of total property taxes.

The Committee considered whether all taxes on commercial and industrial property should be collected through a realty tax, rather than using a realty tax on owners and a business tax on occupants of such property. It was noted that this would simplify the system considerably and also strengthen tax collection procedures. However, in view of the administrative complications involved and possible negative business reaction to such a change, the Committee decided that this matter should be deferred and considered again after market value assessments and tax reform had been successfully implemented. The Committee referred to TEIA for consideration, a proposal aimed at improving business tax collection procedures by amendment to The Municipal Act.

The effect of market value assessment and the business tax percentages proposed in the Alternative System was considered for each of the different classes of commercial and industrial property. The average tax impact for each class of property under the Alternative System, together with the present and proposed business tax percentages, are shown in Table 3. The table also shows how these tax impacts would change if multiple residences were taxed on the basis outlined in Chapter 1.

The table shows that taxes on the business sector as a whole would increase 3% under the Alternative System, and 1% if multiple residences were taxed at 75% of market value. There is considerable variation in the changes in taxes between the different classes of businesses and also between businesses in Metro Toronto and those elsewhere in the province.

On a province-wide basis, distillers, financial companies, brewers and wholesalers would, on average, all have tax decreases under the Alternative System. This is despite distillers being held to a business tax rate far higher than any other properties, and financial companies, brewers and wholesalers having major increases in their business tax rate under the Alternative System. The aggregate tax burden on industrial properties, professionals and retail chains would be relatively unchanged by the January 4 proposals, again notwithstanding increases in the business tax rates on these classes. On the other hand, retail and commercial properties presently at the 30% business rate would have a small increase in average taxes under the proposals, despite no change in the business tax rate. Car parks, which include all employee parking and shared parking in shopping plazas, would face tax increases of over 60% with only a very minor increase in their business tax rate. This can partly be attributed to the land intensive nature of these properties. Railways and vacant commercial properties have a significant increase in average taxes under the Alternative System, while transmission and distribution lines have decreases.

TABLE 3

ANALYSIS OF TOTAL REALTY AND BUSINESS TAXES
FOR COMMERCIAL AND INDUSTRIAL PROPERTIES-1977

	Business Tax Rates		Changes Under Alternative System				Changes Under Committee System			
	Present System	Alternative System	Metro Toronto	Rest of Province		Total	Metro Toronto	Rest of Province		Total
				%	%			%	%	
Distillers	140	140	(40)	(31)	(34)	(42)	(33)	(36)		
Financial Wholesale and Brewers	75	100	(17)	1	(13)	(19)	(1)	(14)		
Industrial	60	90	(11)	5	(3)	(13)	3	(5)		
Professional and Retail Chains	50	60	(5)	10	1	(8)	8	(1)		
Retail and Commercial	30	30	3	17	8	-	15	6		
Car Parks	25	30	62	66	64	58	63	61		
Vacant Commercial and Industrial Property	0	0	31	20	26	28	18	23		
Transmission and Distribution Lines	0*	0*	(17)	(7)	(8)	(21)	(8)	(10)		
Railways	0*	0*	73	99	85	70	94	82		
TOTAL			(2)	7	3	(4)	5	1		

*Includes some properties with a 30% business tax assessment rate.

SOURCE: TEIA Estimates

The Committee considered that equity between different types of business required a single business tax rate. However, in reviewing the data, it became obvious that a single rate would cause some major shifts in tax burdens. If, for example, the single rate were set at approximately 65% to yield the same aggregate tax level as the Alternative System, the average tax increase on small businesses presently at a 30% rate would be around 36%. The Committee therefore concurred with the Alternative System approach of setting different rates for implementation of market value assessments, but providing for a review of these rates with the objective of moving to a single rate after five years. The Committee also noted that, from the perspective of a two stage process of moving from the current business rates to a single rate, the business rates proposed in the Alternative System made sense, because they provided average tax decreases for those categories of property which would have even larger decreases with a single rate, while providing average tax increases for those properties which would have larger increases under a single rate.

The Committee noted that there was no logical justification for the grouping of businesses in the various categories and examined the possibility of moving types of businesses between the different categories. Any major reclassification of businesses would require a great deal of work by assessors and therefore could prejudice the successful implementation of reform and market value assessment in 1979. On the other hand, there are areas in which the wording of the statutes and decisions made by the courts have created minor anomalies between various categories. In addition, where, for example, an industry has a 60% business rate, but that part of its property which is used as a car park has a 25% rate, this causes administrative problems, and a change to a single rate for the whole property would simplify assessment procedures.

Before finalizing its recommendations on business tax rates, the Committee considered the differences in tax shifts between Metro Toronto and the rest of the province. It noted that overall taxes on commercial and industrial properties would on average fall in Metro Toronto under the Alternative System, whereas they would rise in the rest of the province. The Committee did not consider this sufficient justification for a different set of business tax rates for Metro Toronto. However, it realized that a decrease in commercial taxes in Metro Toronto at the same time as taxes on single family dwellings were rising would not be appropriate. The Committee therefore concluded that Metro Toronto should be allowed some flexibility to use higher business tax rates than those in the rest of the province for a period of up to three years.

In viewing the average increases for various categories of business, the Committee noted that:

- . part of the increase on vacant property was because under the present system this property is taxed at the residential mill rate rather than at the commercial rate;
- . most of the tax increase on railway properties was due to the increased valuation of rights of way;
- . many professional people have offices in their homes and therefore some of the increases in this category could be due to the increased assessment of houses. In such cases, tax increases on professional offices could be offset by decreases on the residential part of the same building.

The Committee was particularly concerned about the impact of the Alternative System on small business, which was the subject of a number of responses to the Alternative System. It therefore undertook a study of a sample of such properties which indicated the following:

- . small businesses throughout northern Ontario as well as in rural parts of eastern and central Ontario faced significant increases in average taxes under the Alternative System;
- . the largest average increases are in areas which have been reassessed since 1969, because many businesses in these areas had substantial tax decreases as a result of these reassessments;
- . about 55% of small businesses would have tax increases under the Alternative System, while the remaining 45% would have decreases;
- . in many cases, a large percentage increase in taxes actually reflected a small dollar change;
- . in municipalities where some businesses have significant tax increases, very similar businesses may have tax decreases of the same magnitude.

The Committee came to the conclusion that a distinction should be made between those types of small business having long term cost or income difficulties which would be worsened by any increase in property taxes, and other small businesses which did not face such difficulties. The Committee decided that changing the business tax rate for small businesses was too crude a mechanism to assist either category. Instead, the first category could best be assisted by some permanent tax credit or other mechanism not necessarily related to property taxes, while the tax shifts facing the second category could be handled by appropriate phase-in procedures.

THE COMMITTEE THEREFORE RECOMMENDS

- 2.1 That a separate business tax be continued.
- 2.2 That no changes be made in the classification of properties to different business tax categories, except that car parks which form part of properties assessed for business taxes be assessed at the same rate as the rest of these properties.
- 2.3 That the business tax rates be those proposed in the Alternative System for the province as a whole.
- 2.4 That, in Metro Toronto only, there should be some flexibility to use higher business tax rates than those in the rest of the province, but the final decision should be left to Metro Toronto in consultation with its area municipalities.
- 2.5 That such flexibility be subject to the same limitations as set out in Recommendations 1.3, 1.4 and 1.5.
- 2.6 That all business tax rates be reviewed within five years with the objective of establishing a single rate. If the establishment of such a single rate does not seem feasible, then the categories of business taxation should be rationalized and reduced in number.
- 2.7 That the possibility of replacing the business tax with a higher rate of realty tax on commercial and industrial properties be considered in the context of this review.
- 2.8 That for those types of small business with long term income or cost problems, some form of business tax credit or other assistance be introduced as a permanent measure. Eligibility for such assistance be based on Provincial criteria, taking into consideration the following:

- . regional differences in the province

- . the problems faced by businesses which operate on a seasonal basis
- . an appropriate definition of smallness
- . appropriate ownership criteria
- . whether only for independent business or also subsidiaries of larger companies

The Committee also considered two other issues with regard to commercial and industrial property: pass-through of tax increases and decreases to tenants, and taxation of machinery, equipment and foundations.

With regard to a pass-through mechanism, the Committee noted that tenants already shared tax changes through the business tax. Moreover, many commercial leases are drawn up so that all realty and business taxes are paid by tenants.

The Committee agreed in principle with the Blair Commission recommendation that all machinery and equipment be exempt from taxation. However, it was informed that the removal of all machinery and equipment from the assessment rolls would be a lengthy procedure, which could prejudice the early implementation of property tax reform, as well as resulting in a significant but undetermined loss in taxable assessment. The Committee therefore saw no alternative to continuation of the present system whereby some types of machinery and equipment are taxable but many others are not. With regard to foundations, the Committee was informed that these were presently exempt, even though it was extremely difficult to separate them from other parts of taxable structures. It would be both practical and consistent from an assessment viewpoint to assess and tax all foundations as part of structures, but there is no data available on the fiscal impact of such a change.

THE COMMITTEE THEREFORE RECOMMENDS

- 2.9 That there be no special mechanism to pass realty tax decreases through to tenants of commercial and industrial property.
- 2.10 That machinery and equipment continue to be taxable to the same extent as under the present system, and that foundations continue to be exempt.
- 2.11 That studies be undertaken with a view to introducing full exemption of machinery and equipment and full taxation of foundations within five years after the introduction of market value assessments and property tax reform.

Chapter 3: TAXATION OF FARMS, MANAGED FORESTS AND WILDLIFE AREAS

Under the present system for those municipalities placed on market value assessment since 1969, farm land is assessed on the basis of its productivity value and farm residences are taxed as part of the farm property on which they are situated. The total taxes on farm land, buildings and residences are paid by the farmer, with 50% being eligible for rebate by the Province, as a proxy for exemption of farm land and buildings. Half the taxes payable on managed forests are also rebated, but there is no rebate for wildlife areas.

The Alternative System proposed that farms and similar properties be dealt with in a completely different way for property tax purposes. Farm residences would be treated separately from the rest of the farm and taxed on 50% of market value in the same way as other residences. Farm lands and buildings would be assessed at market value, but would be tax exempt. Managed forests and wildlife areas would be treated the same way, and compensatory payments equivalent to full taxes on farm land and buildings, managed forests and wildlife areas would be made to municipalities by the Province. The net impact of these changes would be to reduce the net property taxes payable by farmers from \$60 million to \$35 million (based on 1977 data). The Provincial contribution towards property taxes on farms, managed forests and wildlife areas would go from \$44 million paid out under the farm and managed forest tax rebate programs to \$245 million.

In considering whether farm residences should be treated separately from the remainder of farms, the Committee noted that this would provide full equity between farmers and non farmers as regards both residential property taxes and the calculation of income taxes and property tax credits. It would also provide equity between different farmers, whereas the present system discriminates against farmers who do not live on their farms and farmers whose residences are of modest value relative to the total value of their farms.

The Ontario Federation of Agriculture's brief to the Committee expressed concern about the technical difficulties of treating farms and farm residences separately. In particular, it was pointed out that if it were in any way implied that the farm residence was deemed to be severed from the rest of the farm, then many farmers would demand that they be allowed such severances. The Committee was informed that satisfactory assessments could be calculated for farm residences alone, using other rural residences as a point of comparison and then discounting farm residences to make allowances for the fact that they are not, and in cases could not be, severed from the rest of the farm. The amount of land to be included with the farm residence would be judged according to the circumstances of each property, as discussed for non-farm residences on large land holdings.

With regard to the assessment of farm lands, the OFA brief, as well as a number of responses to the January 4 proposals from farmers and other farm associations, made strong statements in favour of productivity value as opposed to market value. However, the Committee could not see any negative impact on farmers from market value assessment of farm land, since any difference in assessments would result in a change in Provincial transfers to local governments, rather than a change in the tax position of farmers. The Committee also noted that for most parts of the province, market and productivity values would be very similar, particularly where zoning by-laws were in effect and the market value assessments reflected the restriction on the use of the land due to agricultural zoning. It is only on the fringes of urban areas that market values would be significantly higher than productivity values. In its discussion of this issue, the Committee also saw two factors unrelated to the farm sector which suggested that market value assessment farms would be preferable to productivity assessment:

- . if farms were assessed on productivity value, then other property owners would be justified in demanding similar treatment. If this were allowed, it would destroy the whole concept of market value assessment and greatly complicate the returning of assessment rolls which could be logically defended before the courts. In addition, it would result in significant assessment losses in urban municipalities.
- . market value assessment would give rise to greater compensatory payments to local governments.

The Committee noted that Provincial payment in lieu of farm taxes was essentially a continuation, in a more appropriate form, of present policy with regard to farm tax rebates. A number of responses to the January 4 proposals from farmers and others suggested farmers should pay at least part of the taxes on farm land and buildings. Under the proposed Alternative System, farmers would still pay drainage and other local improvement charges on their property. Moreover, farmers would still have the option of paying the taxes on the farmland and buildings. In some cases, even though farmers had reduced property taxes under the January 4 proposals, they could face higher income taxes as a result of the exclusion of taxes on their residences from expense and tax credit calculations. The Committee noted that the OFA did not object to Provincial payments in lieu of taxes on farm land and buildings, provided that there was no recapture of taxes from bona fide farmers, that the farmer could designate the elementary school board to which payments would be credited, and that these payments would in no way infringe on the farmer's rights to his own property. The Committee considered the OFA position to be reasonable and noted the Province was currently discussing new legislation with regard to property rights with the OFA. It also agreed that managed forests should continue to be treated in the same way as farm land.

With regard to wildlife areas, the Committee noted that the proposal for the Province to pay taxes on wet lands and critical habitats of endangered species had been supported in several responses to the Alternative System. It also reviewed explicit criteria set for the program by the Ministry of Natural Resources, together with an estimated program cost of \$3 million per annum.

THE COMMITTEE THEREFORE RECOMMENDS

3.1 That the Alternative System of property taxes for farms, managed forests and wildlife areas be introduced as proposed, subject to the following qualifications:

- i) farmers be allowed to designate school support for compensatory payments on their farm land;
- ii) there be no recovery of compensatory payments in respect of land used for bona fide farming purposes;
- iii) where land ceases to be farmed due to the retirement or death of the farmer, and the farmer or his spouse continues to reside on the farm, the farmland and buildings continue to be exempt from taxation.

Chapter 4: TAXATION OF OTHER PRIVATELY OWNED PROPERTY

Vacant Land

Under the present system, vacant land is to some degree preferentially treated in that it is taxed at the residential rather than the commercial mill rate. Under the proposed Alternative System, vacant land would be taxed at 100% of market value. On a province-wide basis, total taxes on vacant land would increase from \$60 million to about \$195 million (1977 figures). The Committee noted that the major reasons for this increase are:

- . the surge in land values in recent years, especially for recreation properties and around urban areas;
- . the present relative underassessment of land in many areas, particularly in municipalities where only nominal assessments were put on unused land.

Average taxes on vacant land more than double under the Alternative System in all parts of the province, with urban areas and areas within the urban shadow generally showing larger percentage increases than rural areas. Most areas where average taxes do not double had recent reassessments which significantly increased taxes on vacant land. While percentage increases on vacant land are uniformly high, the absolute increases in many cases are not. For example, in Sudbury, Windsor and Haliburton, average present taxes on vacant lots are all well below \$100; however, in York and Peel they are closer to \$200. The ownership of vacant land also appears to vary considerably - in Peel over 80% of all vacant land is owned by developers or other businesses; in York, Windsor and Haliburton, 70% is owned by individuals and non-profit organizations.

The Committee noted that relatively few responses to the Alternative System referred to vacant land. It also noted that in many cases, vacant lots were used in conjunction with adjoining residences or commercial properties. Where this occurs, increased taxes on these lands would be offset by tax decreases on the residential properties. The Committee also noted that higher taxes could effect a more judicious use of the land. In southern and central Ontario, this could result in more rural land being used for farming. However, a particular concern was expressed for the northern and eastern parts of the province, where there is often no purpose to which vacant land can be put. Under these circumstances, major tax increases could cause land to be abandoned, thus diminishing rather than augmenting local government taxes. The Committee also noted that, provided assessments accurately reflected the value of land taking into account zoning and other restrictions, land of little value would have very low taxes. In addition, the experience of recent reassessments in southern and northern Ontario suggests that significant increases in taxes on vacant land can be implemented without major difficulties or abandonment of properties.

THE COMMITTEE THEREFORE RECOMMENDS

- 4.1 That vacant land be assessed and taxed at 100% of market value, taking into consideration zoning and other limitations on use and usefulness.

Golf Courses and Other Land Intensive Recreational Properties

Because of the open green space and recreational facilities provided by golf courses, the existing statutes make special provisions for tax treatment of these properties. Under The Assessment Act, a golf course may enter an agreement with a municipality to have its taxes based on a fixed low assessment for as long as the property is used as a golf course; when the agreement terminates or the use of the property changes, either the foregone taxes must be repaid with interest, or the property must be sold to the municipality at the fixed assessment value.

Under the proposed Alternative System, fixed assessment agreements would be eliminated. Instead, taxes on golf course land would be limited by means of a schedule of maximum taxes per acre which vary according to the market value assessment per acre. The schedule is shown as Table 4. The schedule was designed so as to provide a reasonable level of taxes for golf courses in rural areas, without imposing major tax increases on courses in urban areas where market values are very high . The schedule would only apply to land in use for golf purposes; other land, buildings and car parks would be taxed in the normal manner. A golf course would have the option of paying full market value taxes or paying taxes based on the schedule, or negotiating with the municipality for taxes lower than those calculated using the schedule.

After reviewing the estimated taxes on golf courses under market value assessment, with and without use of the schedule, the Committee concluded that some form of continued special treatment would be required for these properties. In addition, the Committee noted that ski operations, other land intensive and seasonal resorts face the same magnitude of tax increases under market value as golf courses. Several of these types of businesses submitted briefs to the Committee opposing higher

taxes; in addition, a number of municipalities opposed higher taxes for these businesses. Since ski operations and resorts have the same open space and recreational characteristics as golf courses, the Committee considered it would be equitable to extend to them any special treatment accorded to golf courses.

The Committee decided that the Alternative System proposals for golf courses and other land intensive recreational property had a number of drawbacks:

- . it allowed for a limit on taxes paid by golf courses, but there was no provision for any taxes above the limit to be paid. This appeared inconsistent with the treatment of farm lands, where a limit on the taxes paid by farmers was fully made up by the Province.
- . upper tier municipalities and school boards would be required to share the loss of taxes due to the limits set, even though they might not benefit from golf courses, and would not be involved in any negotiations between municipalities and golf courses.
- . the upper end of the tax schedule appeared generous to some urban golf courses.
- . because the limit was on taxes rather than assessment, there would be administrative difficulties in operating the system. In addition, the limits would need to be adjusted for inflation.

THE COMMITTEE THEREFORE RECOMMENDS

- 4.2 That the Alternative System proposals for taxation of golf courses and other land intensive recreational properties be implemented subject to the following changes:

- (i) the Province pay the difference between full market value taxes and the taxes paid by the owners of these properties;
- (ii) the option for taxes at a level lower than those provided in the schedule to be negotiated between municipalities and the owners of these properties be withdrawn;
- (iii) the schedule of maximum taxes be reviewed with a view to providing a higher maximum tax level for properties with high market values per acre;
- (iv) the schedule of maximum taxes be reviewed and adjusted for inflation every two years.

Lodges, Clubs and Associations

Under the present system, these properties are taxed at the residential mill rate. Under the proposed Alternative System, they would be taxed at 100% of market value. On a province-wide basis, this would result in an increase in taxes from \$17 million to \$24 million, or about 40%. The magnitude of this increase reflects the fact that some clubs and associations have significant holdings of land, including golf courses dealt with in the previous section.

A number of associations, particularly those affiliated with the Ontario Federation of Anglers and Hunters, have expressed concern about tax increases under the Alternative System and requested a lower rate of tax in view of the services they provide to the community. The Committee considered that requests of such a nature should be considered as part of the review of the property tax treatment of charitable and non-profit organizations proposed in the Alternative System.

THE COMMITTEE THEREFORE RECOMMENDS

- 4.3 That lodges, clubs and associations be taxed on 100% of market value pending the review of the tax treatment of all charitable and non-profit organizations proposed in the Alternative System.

TABLE 4
GOLF COURSE OPTION IN ALTERNATIVE SYSTEM

<u>Average Market Value Per Acre</u>	<u>Maximum Taxes Per Acre</u>
\$0 - 2,000	\$25
\$2,001 - 5,000	$\$25 + \$1 \frac{(\text{M.V.A./Acre} - 2,000)}{100}$
\$5,001 - 10,000	$\$55 + \$.50 \frac{(\text{M.V.A./Acre} - 5,000)}{100}$
\$10,001 - 20,000	$\$80 + \$.40 \frac{(\text{M.V.A./Acre} - 10,000)}{100}$
\$20,001 - 30,000	$\$120 + \$.30 \frac{(\text{M.V.A./Acre} - 20,000)}{100}$
\$30,001 - 40,000	$\$150 + \$.20 \frac{(\text{M.V.A./Acre} - 30,000)}{100}$
\$40,001 - 50,000	$\$170 + \$.15 \frac{(\text{M.V.A./Acre} - 40,000)}{100}$
\$50,001 - 100,000	$\$185 + \$.10 \frac{(\text{M.V.A./Acre} - 50,000)}{100}$
\$100,001 - 150,000	$\$235 + \$.05 \frac{(\text{M.V.A./Acre} - 100,000)}{100}$
over \$150,000	\$260

Chapter 5: TAXATION OF PUBLIC PROPERTY

Under the present system, federal, provincial and local government property with the exception of municipal enterprises is exempt from taxation. Included in this exemption are universities, hospitals, jails, schools and administrative premises. The provincial and federal governments make some payments in lieu of taxes but to the extent that these payments are less than full taxes and other properties are fully exempt, an extra tax burden is placed on the remaining taxpayers and the costs of holding property are not fully realized by government.

The Alternative System proposed that all public property be subject to payments in lieu of taxes equivalent to full taxes. Public residences would be subject to such payments based on 50% of market value; on all other property, payments would be based on 100% of market value and in addition, municipal public utilities would be subject to business tax at 30%. Provincial and federal agencies and enterprises would also be subject to business tax at the appropriate business rate.

The Committee found unanimous support for the payment of the equivalent of full taxation on federal and provincial property, but some reluctance on the part of local government to tax itself. The arguments for one, however, are equally true for the other. There is a disproportionate tax burden on some taxpayers where upper tier and/or school board properties are concentrated in one municipality while benefitting the populations of all municipalities within the jurisdiction. Likewise where municipalities and school boards acquire property outside their boundaries e.g. garbage disposal sites and educational facilities, taxpayers in the host municipality bear the cost of services available to these facilities. There are, however, some inconsistencies in the taxation of some government facilities vis-a-vis similar facilities provided by charitable organizations or private schools which are exempt. The Committee also noted that potential problems could occur when a municipality and a school board share the use of the facilities of one at no cost to the other. Taxation of the property could cause the owner to reconsider the free use of the facilities. Taxpayers who may have felt disadvantaged because a school was not located within the boundaries of their municipality for the convenience of their school children will feel further disadvantaged if they must pay taxes on that school to the host municipality. In addition, there is a constitutional question in whether property taxes could, in fact, be levied on the separate schools. A legal opinion prepared by TEIA suggests that a property tax could be imposed but it is equally possible that the imposition of such a tax would be tested in the courts.

Government does not make a payment in lieu of business tax on administrative facilities. The Regional Municipality of Ottawa-Carleton estimates that it foregoes almost \$22 million annually because the federal government does not make such payments. It is also estimated that \$15 million of these revenues would flow to other Ontario local governments through the operation of the equalization and grants systems. Under the Alternative System, however, there is an additional cost to the federal and provincial governments of \$49 million and \$330 million respectively by virtue of reassessment and full payment in lieu of realty taxes.

The Committee noted some resistance on the part of senior governments to accept business taxation and yet, in equity, could not identify compelling reasons for exempting such operations from bearing their fair share of the costs of providing local services. Recognizing that all payments owing through business taxation of government administrative facilities may not flow immediately on the implementation of property tax reform, the Committee nevertheless felt that the legislative basis for such payments should be established.

THE COMMITTEE THEREFORE RECOMMENDS

- 5.1 That all public property be subject to payments in lieu of taxes equivalent to full realty taxes.
- 5.2 That all government businesses, enterprises and utilities be subject to payments in lieu of business tax at the appropriate business rates.
- 5.3 That the principle of business taxation on all government administrative facilities be accepted.

The Committee reviewed a number of technical issues involved in the taxation of government properties:

- . limitation on payments
- . payment dates
- . allocation of payments

The federal government employs its own assessors and makes payments in lieu based on the values which they determine. In addition, the federal government makes a service deduction from property taxes for services which it provides to its own properties e.g. RCMP policing of airports.

The Alternative System proposed that for 5 years after implementation, the Minister have the power by regulation to limit or enhance the amounts of payments in lieu of taxes including payments in respect of farms, forests and marsh property. This provision was for cases where initial estimates indicated that the Province or its agencies would be paying a substantial proportion of the tax bill e.g. Township of Mattawan where Ontario Hydro would be paying upwards of 95% of the taxes.

The Alternative System proposed that unpatented land, cemeteries and highways continue to be exempt. The assessment and taxation of highways and, for consistency, all streets and roads in the Province would be, in practical terms, impossible to implement.

While different statutes provide different definitions of unpatented land, it is, in general, land which is not surveyed or registered and which is not used for any purpose. Most unpatented land is in areas unorganized for municipal or school purposes. Under the Alternative System, where the Province uses unpatented land, for example, as part of a provincial park, payments in lieu of taxes would be made on such lands. Where it is not used, the land itself may not put direct demands on local government services, but its presence requires the extension of certain services just to bypass it e.g. roads, school buses. The payments in lieu of taxes on that unpatented land which is within organized municipalities and areas organized for school purposes would amount to \$5 to \$10 million. These payments would go principally to northern Ontario and areas in central and eastern Ontario such as Haliburton County.

THE COMMITTEE THEREFORE RECOMMENDS

- 5.4 That the federal government be requested to remove the limitations on its payments in lieu of taxes in its current revisions to The Municipal Grants Act (Canada).
- 5.5 That the limitation of Provincial payments in lieu proposed in the Alternative System be deleted.
- 5.6 That the Province make payments in lieu of taxes on unpatented land.

The Committee was concerned that a municipality's cash flow could be adversely affected if governments did not meet the due dates for both interim and regular tax levies.

The federal government has generally made payments in lieu of realty taxes equivalent to full taxes within the limits previously specified. These payments are only distributed to lower tier municipalities and not to school boards and upper tiers. Under the Alternative System, it was proposed that payments in lieu of taxes on all levels of government be treated as normal taxes and therefore be allocated for all local government purposes. Likewise, the assessment upon which the payments are based would be used for all apportionment and grant purposes.

THE COMMITTEE THEREFORE RECOMMENDS

- 5.7 That all governments make payments in lieu of taxes within the due dates set by municipalities for ratepayers.
- 5.8 That payments in lieu of taxes on all government property be allocated for all local government purposes as proposed in the Alternative System.

Chapter 6: EXEMPT PROPERTY

Under the present property tax system, churches, cemeteries, Indian lands, private schools and many charitable organizations are exempt from property taxation. In the case of charitable organizations, if exemption is granted, it may be granted by public statute, private legislation or municipal by-law and exemption may be from full or partial taxes.

The Alternative System proposed that churches, cemeteries, Indian lands, private schools and charitable organizations presently exempt from property taxation continue to be exempt. For consistency, it was also proposed that charitable organizations which are presently paying some property taxes also be fully exempt. The taxes foregone as a result of all these exemptions are estimated at between \$50 and \$60 million using 1977 data.

In considering the continued exemption of churches and cemeteries, the Committee noted the historic reasons for separation of church and state and the financial problems in the perpetual care funding of cemeteries. Responses to the January 4 proposals were not unanimously in favour of these continued exemptions, but there was considerable support for the proposal.

The Committee was advised that for constitutional reasons, land held for a band or body of Indians will have to continue to be exempt.

Private schools currently receiving a property tax exemption include grades 11, 12 and 13 in the Roman Catholic school system as well as boarding and day schools providing instruction in all elementary and secondary school grades. The Committee considered the administrative problems of allocating the assessment of a separate school between the taxable grades and the exempt grades, as well as the difficulty in explaining the rationale for taxing school board property while exempting private schools. The Committee, however, was informed that assessment is currently allocated in the case of other mixed use properties and that an allocation could be done for property used for taxable and exempt school purposes.

Due to time constraints, the Committee was not able to undertake a full review of charitable organizations which are currently exempt or pay full or partial taxes. The main difficulty in designing a policy for the treatment of charitable organizations is to define exactly which organizations should be eligible for exemption and which should not.

Under The Assessment Act, most exemptions are granted under the section which refers to incorporation as a charitable organization conducted on philanthropic principles, not for profit or gain and supported at least in part by public funds. The meaning of this section has been the subject of considerable legal debate and the recent widening of the definition by the courts has been the cause for considerable concern. Exemption has been granted under this section to commercial education ventures, and to religious recreational land which might receive less generous exemption under other sections of the Act. A registry of charitable organizations also exists under the provisions of the Income Tax Act (Canada) but a definition of charitable organizations based on this registry would be too all encompassing to be used in the design of a property tax system.

THE COMMITTEE THEREFORE RECOMMENDS

- 6.1 That churches and cemeteries be exempt to the extent proposed in the Alternative System.
- 6.2 That present exemptions of private schools continue as proposed in the Alternative System.
- 6.3 That present exemptions for charities be continued as proposed under the Alternative System.
- 6.4 That the review of existing exemptions proposed in the Alternative System take into account the problems which could be caused through recent court decisions on the scope of section 3 of The Assessment Act which concerns exemptions.

The Committee identified and reviewed a number of technical issues having a bearing on exempt and non-exempt charitable organizations:

- . whether exemptions should be given for property leased out by exempt organizations
- . whether exempt organizations carrying on a business-like activity should be subject to business tax
- . whether exemptions should be given for vacant land in excess of a reasonable amount which is attached to properties used for charitable purposes.
- . treatment of exempt organizations in leased premises.

The present treatment of property leased by an exempt organization to an otherwise taxable tenant falls under three general headings. If exemption is given under The Assessment Act, a tenant is subject to realty and business tax unless the occupant is a licensee, in which case the tenant is not subject to realty or business tax. If exemption is granted under a special act, a tenant could be subject only to business tax. The Committee felt that exempt property leased to a taxable tenant should be treated consistently and that it should be taxable.

In many instances, charitable and religious organizations are engaged in activities which when carried on by other groups result in the imposition of a business tax: camps, credit unions, bingos, theatricals and bazaars. The courts have usually ruled against the imposition of a business tax on organizations chartered as non-profit. The Committee noted the attempts in the Blair Report to clarify and extend the business tax in some of the instances noted, by specifying that sales or service to a restricted membership was not cause for exemption.

A number of responses to the January 4 proposals drew the Committee's attention to the concentration of exempt property in the resort areas. The users of these properties come almost exclusively from outside the municipalities and the exemption of these properties places a disproportionate tax burden on the local taxpayers. While still supporting the continued property tax exemption of charitable organizations, the Committee felt that some contribution could be elicited by more extensive use of user charges. Some charges currently levied as part of the general mill rate could be charged on a user basis e.g. winter road clearance, garbage collection and/or disposal, sewer service.

It was also pointed out in the responses that exempt organizations, again primarily in the resort areas, have large land holdings in excess of what the principal activity requires and often put to a commercial use. There are inconsistencies in the treatment with respect to exemption of large holdings in that some are subject to statutory acreage limits while others are not. The Committee considered the parallel with residences and golf courses, where special tax treatment only extended to a reasonable amount of land, and recommended that a consistent limit be put on the land holdings of exempt organizations. It is doubtful that such a change would place a financial burden on the organizations because the type of land in question might well fall within the definition of the farm, forest or wildlife program.

The Committee, having recommended that exempt premises leased to a taxable tenant be taxed, investigated the opposite situation in which taxable premises leased to an otherwise exempt tenant could be exempt. This effect could be accomplished either directly, by exempting the premises and putting the onus on the landlord to deliver the savings to the tenant, or indirectly by having the organization apply to the municipality for a tax rebate. The cost of grants to exempt organizations which rent premises is estimated to be a maximum of \$3 million. The former mechanism was rejected because it was doubtful that the organization would realize the savings and the latter because such a mechanism essentially exists at present.

THE COMMITTEE THEREFORE RECOMMENDS

- 6.5 That exempt property not used for the purposes for which the exemption is given should pay taxes.
- 6.6 That the review of existing exemptions proposed in the Alternative System take into account the Blair Commission comments on business tax.

- 6.7 That this review also investigate the possibility of more use of user charges in relation to exempt properties.
- 6.8 That there be consistent treatment of large land holdings of exempt organizations.
- 6.9 That no change be made to the current system in the treatment of exempt organizations in leased premises.

Chapter 7: OTHER ISSUES

Designation of School Support

Under the present system, there is no means of assigning taxable assessment on public property between the public and separate elementary schools. This only affects federal government and municipal public utility payments as these are the only public organizations currently paying the equivalent of full taxes on their properties.

In the Alternative System, it was proposed that payments in lieu of taxes equivalent to full taxation be paid on all public property, and that the assessment of public property be pooled and assigned between public and separate schools in each municipality in the same proportion as taxable assessments on residences were assigned. Public elementary and separate boards would each be able to assign their assessment to their own support. A number of responses to the Alternative System proposals suggested that a sharing on the basis of enrolment would be preferable.

The Committee also noted that the Blair Commission had given some consideration to the pooling of corporate assessment for which school support cannot be readily assigned. Several responses to the January 4 proposals argued that because such assessment presently goes to the support of public schools, this is to the disadvantage of the separate school system. It was pointed out that while pooling of such assessment on a municipality by municipality basis would eliminate disparities between public and separate schools, it would not correct disparities between "assessment rich" and "assessment poor" boards in both the public and the separate school systems. The Committee noted that this disparity could only be eliminated by pooling on a province-wide basis. However, this would involve a large number of issues which could not be resolved within the time frame of the Committee.

The Committee also noted that, due to the design of the Provincial grant program, pooling of assessment is only an issue where school board spending per pupil is above the level supported by grants.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.1 That the pooling of assessment on government property for the designation of school support be carried out as proposed in the Alternative System.
- 7.2 That the question of province-wide pooling of commercial and industrial assessment be referred to the committee on alternative approaches for funding of education for further study.

Impact on Grants

Under the Alternative System, it is proposed that the Province make full payments in lieu of taxes on its own properties as well as on certain other properties e.g. farm land. The increased cost of such payments over the current system is estimated at \$330 million based on 1977 data. The Committee, while believing that such payments are a cost of owning property and should be treated separately from Provincial transfer payments, recognizes that the sheer financial magnitude of the Province's additional property tax liability will require some reduction in Provincial grants to local government. The Committee suggests that these resources should not be taken entirely from existing transfer programs, but should include funds available for the natural growth in transfer programs and funds ordinarily allocated to new transfer programs as well.

The Committee noted that the school board share of Provincial payments in lieu of taxes would be paid through municipalities and be reflected in increases in school board requisitions. The Committee was concerned that these increases in requisitions should not be misinterpreted as a reflection of school board expenses.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.3 That payments in lieu of property taxes on Provincial property and property of importance to the Province be considered as taxes and not grants, and that in the long term, the provincial-municipal fiscal system be adjusted to treat the results of reciprocal taxation neutrally.
- 7.4 That in light of the financial impact of full taxation of Provincial property and property of importance to the Province, the need to adjust some transfers in the short term is conceded.
- 7.5 That across-the-board cutbacks are unacceptable because the impact of payment in lieu enrichments will not be felt in a uniform way.
- 7.6 That reducing municipal unconditional grants would be a retrograde step.
- 7.7 That the strategy adopted for the transition not violate the principles proposed by the Provincial-Municipal Grants Reform Committee.
- 7.8 That care be taken to ensure that the implementation of full payments in lieu of taxes does not result in an illusory expansion in the proportion of taxes paid for education as reflected in the property tax bill.

- 7.9 That continuing provincial-local government consultation take place prior to and during the process of transition to full taxation of public property in Ontario.

Tax Credits

The Committee was unable to make a thorough study of tax credits in the time available. The Committee did, however, review the proposals in the 1978 Ontario Budget for the enrichment of the pensioner tax credits to accompany property tax reform.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.10 That the position taken in the 1978 Ontario Budget on pensioner tax credits be supported.
- 7.11 That the Municipal and School Tax Credit Assistance and the Municipal Elderly Residents' Assistance programs be terminated.
- 7.12 That further study be made by the Province of other aspects of the property tax credit.

Mill Rates

Under the current system, differential mill rates are used to impose a different level of tax on residential and farm property vis-a-vis commercial and industrial property. In addition, a series of assessment weightings provides for different levels of business tax among commercial and industrial properties. The Alternative System proposed that only different weightings of market value assessment be used to provide differential tax treatment between types of properties. The Committee noted that the same result can be achieved by differential mill rates or weighting assessment but that the use of weighted assessment is easier for the taxpayer to comprehend.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.13 That weighting of assessment be used to provide differential tax treatment between types of properties.

Assessment Updates

Under the Alternative System, the assessment rolls would be returned and enumeration performed every two years. The annual right of appeal, however, would be maintained and the assessment rolls would be continuously updated for additions to and deletions from the rolls.

The Committee supported a revaluation of assessments every two years, the annual right of appeal and the continuous update of the rolls. It also considered an annual enumeration necessary in order to determine school support and calculate grants.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.14 That the Alternative System for return of assessment rolls be introduced as proposed except that enumerations and return of assessment rolls should be done annually.

Apportionment

Apportionments are currently done on a variety of bases including equalized assessment, distribution of benefits and population. Under the Alternative System, all apportionments would be on the basis of assessment on which the taxes and payments in lieu of taxes received by each body are based. Provision for alternative sharing arrangements would continue for specific projects such as flood control. While this common method of apportionment would represent a change for some apportioning bodies, the Committee considered it a fair method since it reflects the tax resources available to each body.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.15 That apportionment of shared costs be as proposed in the Alternative System.

Unorganized Areas

Under the Alternative System, it was proposed that market value assessment and tax reform be deferred in unorganized areas except where a school board encompasses organized and unorganized areas. In such a case, reassessment and tax reform would apply to the entire board.

In areas not organized for municipal purposes, assessment currently may be done under the provisions of The Assessment Act, as well as three additional statutes. There are also, in some areas, a number of taxing bodies such that the multiplicity of tax bills is easily misunderstood by the ratepayers. This could be simplified where a school board levies its own taxes if the board were also to collect taxes on behalf of the other levying bodies.

THE COMMITTEE THEREFORE RECOMMENDS

- 7.16 That the Alternative System be introduced as proposed for areas without municipal organization.
- 7.17 That the Province examine the feasibility of having school boards collect taxes on behalf of other levying bodies in unorganized areas where school boards levy and collect taxes directly.

Chapter 8: IMPLEMENTATION

The Committee reviewed the implementation arrangements outlined in the January 4 proposals and was in general agreement with them, except for the provision for Provincial approval of municipal and school board budgets in the year of implementation. The Committee agreed with the principle that both the Province and local governments should be fully accountable to ratepayers during implementation. However, it considered that this could be achieved by a carefully designed tax bill for use with market value assessments, together with publication of summaries of municipal and school board budgets with comparisons to the prior year. Model tax bills as recommended by the MLC in May 1977, would be an appropriate means to provide clear, consistent reporting of levy information. The Committee opposed any mechanism for Provincial approval of budgets on the grounds that the approval process could cause delays which might disrupt municipalities' tax billings and therefore their cash flow. In addition, the Committee, as well as many municipalities and school boards which responded to the January 4 proposals, considered that the proposal represented a potential inroad on local autonomy which could be interpreted as a lack of confidence in local government decision making.

The Committee discussed various alternative methods of phasing in shifts in tax burdens. It rejected phasing in by weighting classes of property differently (except for a limited period in Metro Toronto) for the reasons given in Chapter 1. It also rejected using the apportionment process as a phase-in mechanism since this would provide benefit on a municipality basis. For the vast majority of municipalities a phase-in is needed for certain properties, or at most certain classes of property, rather than for the municipality as a whole. The Committee considered that phase-in mechanisms should operate only on a property by property basis. It reviewed the existing mechanisms available in The Municipal Act, and found them generally satisfactory subject to some modifications to provide more flexibility for municipalities.

THE COMMITTEE THEREFORE RECOMMENDS

8.1 That the Alternative System proposal for Provincial approval of local government budgets during implementation be rejected and replaced by a provision that local governments give a clear accounting to ratepayers of their budgeted expenditure and revenue performance relative to the prior year.

8.2 That phasing in of tax shifts be on a property by property basis, using the current provisions of The Municipal Act, subject to the following changes:

- (i) Provincial approval of phasing in not be required;
- (ii) a time limit on phasing in be set at 5 years;
- (iii) dollar and percentage limits on tax increases be set by municipal by-law rather than in the statute;
- (iv) phasing in be permitted for all properties within a municipality or for certain designated classes of properties;
- (v) municipalities using phase-in provisions be required to show the tax change due to phasing in separately from the amounts levied for each purpose;
- (vi) that municipalities be encouraged to consult with school boards, regional municipalities and counties regarding phase-in provisions.

The Committee considered the timetable for implementation and expressed a strong preference for province-wide implementation in 1979.

THE COMMITTEE THEREFORE RECOMMENDS

8.3 That property tax reform using market value assessment be implemented for taxation throughout Ontario in 1979.

8.4 That in order to accomplish an orderly implementation:

i) market value assessment notices be mailed no later than early September;

ii) open houses on assessment and tax reform be conducted in September and October 1978;

iii) market value assessment rolls should be available by January 1979.

8.5 That in order to ensure local government input on an ongoing basis, a committee of local government representatives be appointed by the Municipal Liaison Committee and the School Board Associations to monitor the implementation of the system and to recommend to the Province any needed changes on a continuing basis.

8.6 That this Committee, or a similar committee, be charged with the responsibility of reviewing and making appropriate recommendations with respect to the Report of the Provincial-Municipal Grants Reform Committee as well as future modifications to provincial-municipal fiscal relations in the content of property tax reform.

TABLE A

PROVINCIAL TOTALS

PRESENT SYSTEM AND COMMITTEE SYSTEM COMPARED

NOTES TO PROVINCIAL TOTALS

Property Taxes

- . Under Residential Properties, the figures in brackets show percentages of assessment used for taxation.
- . Under Commercial and Industrial Properties, the first set of figures at the left shows present business tax rates, while the figures in brackets show business tax rates under the Committee System.
- . Under Other Properties, Farm Residences show total farm taxes net of rebates for the Present System.
- . Under Provincial Government Tax Contributions, Farm and Forest Land figures for the Present System show farm and forest tax rebates.
- . All taxes not levied by mill rate are excluded.
- . Total Taxpayer Contributions are the same for the Present and Committee Systems because increases in Provincial tax contributions are offset by decreases in Provincial Grants. For the provincial totals, local government tax contributions have no net effect on Provincial and taxpayer contributions.

Total Provincial Government Contributions

- . Present System Grant Contributions are estimates from the latest "Blue Book".

PROVINCIAL TOTALS

\$ Millions

<u>PROPERTY TAXES</u>		1977	1977	
<u>Taxpayer Contributions</u>		Present	Committee	Dollar
		System	System	Change
Residential Properties				
Single	(50%)	1116.6	988.2	(128.4)
Multiples 2-5 Units	(50%)	106.0	96.3	(9.7)
Multiples 5 + Units	(75%)	<u>273.1</u>	<u>187.1</u>	<u>(86.0)</u>
Sub-Total		1495.7	1271.6	(224.1)
Commercial and Industrial Properties				
Distillers	140 (140)	8.6	5.5	(3.1)
Financial, Wholesale & Brewers	75 (100)	136.0	116.3	(19.7)
Industrial	60 (90)	376.9	356.5	(20.4)
Professional & Retail Chains	50 (60)	231.2	228.5	(2.7)
Retail & Commercial	30 (30)	315.7	336.2	20.5
Car Parks	25 (30)	28.1	45.2	17.1
Vacant Property		55.6	68.2	12.6
Transmission & Distribution Lines		27.3	24.6	(2.7)
Railways		<u>14.3</u>	<u>26.0</u>	<u>11.7</u>
Sub-Total		1193.7	1207.0	13.3
Other Properties				
Farm Residences		60.4	35.1	(25.3)
Vacant Land		59.5	194.6	135.1
Lodges, Clubs & Associations		17.2	24.1	6.9
Federal Government		80.3	129.6	49.3
Ontario Hydro & Provincial Agencies		32.7	77.2	44.5
Municipal Public Utilities		<u>23.4</u>	<u>23.7</u>	<u>0.3</u>
Sub-Total		<u>273.5</u>	<u>484.3</u>	<u>210.8</u>
Total Taxpayer Contributions		<u>2962.9</u>	<u>2962.9</u>	<u>0.0</u>
<u>Provincial Government Tax Contributions</u>				
Provincial Properties		13.0	55.6	42.6
Ontario Housing Corporation		38.3	29.3	(9.0)
Universities and Colleges		10.9	52.7	41.8
Hospitals, Jails, Parks & Other Institutions		3.6	56.0	52.4
Farm and Forest Land		<u>44.0</u>	<u>245.9</u>	<u>201.9</u>
Total Provincial Tax Contributions		<u>109.8</u>	<u>439.5</u>	<u>329.7</u>
<u>Local Government Tax Contributions</u>				
Municipalities		0.0	127.0	127.0
School Boards		<u>0.0</u>	<u>172.6</u>	<u>172.6</u>
Total Local Government Tax Contributions		<u>0.0</u>	<u>299.6</u>	<u>299.6</u>
<u>TOTAL PROVINCIAL GOVERNMENT CONTRIBUTIONS</u> (see note)				
Tax Contributions		109.8	439.5	329.7
Grant Contributions		<u>3330.0</u>	<u>3000.3</u>	<u>(329.7)</u>
Total Provincial Contributions		<u>3439.8</u>	<u>3439.8</u>	<u>0.0</u>
<u>AVERAGE TAXES PER RESIDENTIAL UNIT</u>				
Singles		\$ 597	\$ 528	\$(69)
Multiples 2-5 Units		288	261	(27)
Multiples 5 + Units		<u>467</u>	<u>320</u>	<u>(147)</u>
All Residential Units		<u>530</u>	<u>451</u>	<u>(79)</u>

Note: Does not incorporate recommendations on Impact on Grants made in Ch.7

SOURCE: TEIA Estimates

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1. TRUSTEE CROSBY ON BEHALF OF NOPSSTA

Northern Ontario Public and Secondary School Trustees' Association has serious reservations on the proposed tax reform, because of an apparent shift of grants away from Northern School Boards.

Financial problems thus caused in the northern areas of the Province may outweigh many of the advantages of tax reform. The exact magnitude is difficult to predict because of factors that cannot be precise at this time.

We support the dissenting views of the trustees' group. However, we feel that the financial problem is of such magnitude to Northern Boards of Education that it requires special emphasis.

We suggest that Boards of Education not be required to raise additional taxes as a result of tax reform, and that tax credits or other assistance be introduced to lessen the impact of the proposed tax reform.

Notwithstanding the above views, Northern Ontario Public and Secondary School Trustees' Association feels the government's initiative to reform the tax structure is commendable.

2. CHAIRMAN GODFREY

RECOMMENDATIONS 1.3 AND 2.4

These recommendations deal with the period for which residential and business tax rates will be based on a different proportion of market value assessment in Metropolitan Toronto as compared to other parts of Ontario. Although the staff have recommended that this differential be in place for three years, it is my opinion that this arrangement should continue for five years because of the unavoidable increases in local government revenue needs that can be foreseen in Metropolitan Toronto between 1979 and 1984.

This opinion also has application to Recommendations 1.3, 1.4, 1.5 and 2.5.

RECOMMENDATION 1.4

This recommendation proposes that, for grants purposes, municipalities and school boards in Metropolitan Toronto be treated as if the above differentials did not exist. There has not been sufficient time to develop the data necessary to estimate the impact that this recommendation might have on provincial grants to Metropolitan Toronto. Accordingly, I think the following phrase should be added to the end of the recommendation: "providing that municipalities and school boards in Metropolitan Toronto are not unduly penalized by this arrangement".

These recommendations deal with the need to ensure that property tax reductions resulting from property tax reform are passed on to tenants. The recommendations are based on an assumption that rent control will continue into 1979. I am concerned that the benefits of tax reform may not be passed on to tenants if the

Ontario Legislature does not continue rent control into next year. Accordingly, it is my view that the following recommendation should be substituted for Recommendation 1.8:

- 1.8 That if rent control does not continue into 1979, the Province give further consideration to some means of ensuring that tenants receive their fair share of the benefits of property tax reform.

3. ALDERMAN KENNEDY

RESIDENTIAL PROPERTIES

By virtue of long-established practice, residential uses in buildings containing six or more units have been overassessed relative to single family residences and multiples in buildings containing five or fewer units. Under Property Tax Reform residential properties will bear a reduced share of property taxation. As a result of these two related factors, on a province-wide basis, average taxes paid by residents of both single family and apartment units will decrease with the major impact of these decreases enjoyed by occupants of apartment units located in buildings containing six or more dwellings.

As a result of the somewhat atypical structure of the housing supply and previous assessment practices in Metropolitan Toronto, this province-wide pattern is not reproduced. More specifically, while apartment units will enjoy a significant tax decrease under Property Tax Reform single family residences will have to accept an additional burden, estimated at approximately \$100 per home.

In order to produce a tax burden impact in Metropolitan Toronto more closely approximating the province-wide pattern, the Working Group has proposed a significant departure from the Property Tax Reform programme as recommended by the Blair Commission. The Working Group recommends that taxes on single family residences be levied against 50% of their market value while taxes on residences in buildings containing six or more units be levied against 75% of their market value. They further recommend that, while these factors apply on a province-wide basis, that in Metropolitan Toronto, factors of 45% and 80% respectively apply, with Metro municipalities having three years to adjust towards the province-wide factors.

It can be appreciated that some modifications to the Property Tax Reform package may have to be accepted in order to reduce undesirable impacts in Metro. The argument, however, for recognizing such modifications on a province-wide basis has not been conclusively offered. The shift in tax burden

towards single family residences is only of significance in Metro and it thus does not seem reasonable to place different tax burdens on apartment dwellers than on residents of single family homes across the whole of the province.

It must be remembered that the compelling arguments for Property Tax Reform are that it: a) reduces inequity between municipalities by identifying a common province-wide basis for defining municipal wealth, and; b) reduces inequity between classes of taxpayers within each municipality by levying taxes against a common method of assessment - market value. The package proposed by the Working Group succeeds in realizing the objectives of this first argument but fails as regards the second.

It can be argued that apartment dwellers have traditionally borne a disproportionate share of property taxes, and that their situation is much like that of the commercial/industrial ratepayer, who also finds himself over-taxed relative to the owner of a single family residence. Students of the property tax system in Ontario have uniformly recommended continuance of the differential taxation of commercial/industrial properties as related to residential properties, however, while none have recommended continuance of the differential within the residential class.

It can also be argued that, because most apartment units are in corporate ownership and because property taxes are deducted from income eligible for corporate taxation, an apartment resident enjoys a measure of property tax relief through the corporate tax system. This line of argument, however, has little merit in that it does not mean that the resident does not pay full taxes but only that he does not pay full taxes plus a percentage of taxes determined by the tax bracket in which his landlord's profits place him.

On balance, rather than continue, even for five years, the inequitable treatment of multiple, as against single family residences, it would seem much more reasonable to recognize that a different property tax system might have to be designed for Metro than for the rest of the Province. The Working Group has implicitly recommended much of this approach. Once Property Tax Reform has been implemented in the rest of the Province, Metro municipalities could then, over a period of time, phase-in the reform package.

It is thus recommended that:

1. All residential properties be taxed at 50% of market value, and;
2. Area municipalities within Metropolitan Toronto negotiate jointly with the Province of Ontario a mutually acceptable means of phasing-in this aspect of Property Tax Reform.

4. ALDERMAN KENNEDY AND MAYOR WEEKS

EXEMPT PROPERTIES

The Provincial-Local Government Committee has recommended essentially that all present exemptions for charitable and religious institutions be continued. While on the surface this seems a reasonable approach to the problem, it perpetuates a number of anomalous and inequitable situations which should, in the context of Property Tax Reform, be rectified. In addition, because of the interaction of this recommendation with other of the Group's recommendations it creates new inequities.

The clearest example is probably the case of the Children's Aid Society. If they own a residential property used as a group home or treatment facility it is exempted from property taxation whereas if they carry out the same operation in a rented property, they pay taxes. Similarly with other charitable institutions; if they are wealthy or fortunate enough to own their property they pay no taxes while if, by virtue of circumstance, they rent, they pay property taxes. In this instance the tax system tends to discriminate against less well-established or funded agencies, who, in equity, are probably in greater need of relief.

Although many of these agencies are private, their funding flows largely from the public sector, either through sharing directly in budgets, purchase of services or direct grants from either the Provincial or Municipal level. In essence they are quasi-governmental bodies. With all government facilities being subject to property taxation, as they should be, some of these very similar bodies will enjoy a continued tax exemption. This circumstance again seems less than reasonable or equitable.

As a principle, all properties should share in the cost of providing municipal services. This principle has largely been recognized in the recommendations of the Working Group. It hardly seems sensible then to exempt this small group.

On the other hand, the sudden liability for municipal taxation from which many of these agencies have been exempt previously will undoubtedly impose some financial hardship at a time when funding from both the public and private sectors seem to be becoming increasingly difficult to secure. In addition, churches, because of our traditional separation of church and state, and cemeteries, because of their long-term care arrangements, would both be placed in a difficult position should they be liable for municipal taxation.

The approach offered by most municipalities in their submissions to the Blair Commission and in subsequent comments to the Treasurer seems on balance to offer the most sensible approach to this situation. They propose to continue to permit exemptions for places of worship and cemeteries but to levy full property taxes against all other properties owned by now exempt bodies. Aside from removing the anomalous situation whereby confessional schools operating grade 9 and 10 classes would pay taxes while grades 11-13 would be tax exempt, this approach would permit municipalities to deal with the question of property tax relief for charitable institutions in a comprehensive and rational fashion.

So long as many properties in this category are tax exempt there will be little impetus from the charitable community to rationalize the current hodge-podge of tax exemptions, and little will be done on the part of municipal councils to approach the question rationally. If, however, all such institutions were on the same tax footing vis-a-vis their municipalities, there would be strong reason for them to raise the tax treatment issue locally and strong motivation for local councils to grant such tax relief, through their generalized granting authorities, as were deemed appropriate in light of such relevant considerations as the need for such relief and the perceived value of the services of the organization to the community granting such relief.

It is thus recommended that:

1. All previously exempted properties be subject to property taxation at 100% of market value, excepting cemeteries and places of worship, and;
2. That municipalities be encouraged to make use of the Municipal Act provisions contained in Section 248(a)(1) in order to grant such tax relief as seemed advisable.

5. TRUSTEE LANDRIAULT ON BEHALF OF AFCSO

The Association française des Conseils scolaires de l'Ontario is pleased to participate in this task force.

It provides us with a unique opportunity to make our property tax equitable and to present to the government of Ontario our views on this very actual and important question.

Our first aim is to try to give to every child in Ontario an equal opportunity in the education field and to achieve this goal the way of providing adequate revenues to every school board should be equitable.

Several of the proposals are concrete steps towards a comprehensive reform. We are, however, concerned with two areas which the Policy Committee has studied but not resolved to our satisfaction.

The first deals with the pooling of non-residential assessment in order to assist boards poorer (in assessment). This wider assessment base becomes crucial when spending above grant ceilings is required. School boards have to keep pace with other boards in all areas, such as salaries, buildings, curriculum. Since under the new system some school boards will increase their assessment to a point where they will receive no grants, the rich will get richer and the poor, poorer. The concept of pooling assessment is already accepted for Government property. Certainly public or widely held corporations should have their assessment pooled.

Before leaving the matter of pooling assessment, a word has to be said on assignment of pooled assessment. This should be for both government properties and corporate, a proportional allocation on a per pupil or enrolment basis and not on the relative residential assessment. Grants are already on an enrolment basis.

The second area causing concern is the proposed taxation

of school board properties. This, in our view, is double taxation, imposing ratepayers once as citizens and once as school supporters. We feel this could be counterproductive and futile in that it may put an end to cooperation without costs in the area of community use of schools. Now that private schools are exempt, shared facilities between school boards and private schools will be difficult to apportion for tax purposes. The constitutionality of separate schools paying secondary school taxes is questionable. Assessment will be based on market value and market value depends on zoning. The highest and best use determined by a municipal corporation zoning will affect the market value assessment which will be the basis of the taxes payable by the School Board. For these reasons, we feel school board properties should not be taxable.

6. TRUSTEE MATTHEWS ON BEHALF OF OSSTA

One of the matters with which the educational sector of the Task Force on Property Tax Reform has struggled in vain is the more equitable distribution of new or increased tax resources, among school boards.

THE PROBLEM

(1) The problem is simple. According to statistics provided to the Task Force by the Minister, the application of market value assessment to residential properties and their assessment for taxes at the rate of 50% would decrease the burden on such taxpayers by 197 millions of dollars, as of 1976. Such reduction is given as one of the major priorities of the Property Tax Reform.

(2) The second part of the plan answers the normal question: how is this lost income going to be replaced?

One source is payment in lieu of taxes by the Provincial government on its local properties of various kinds plus farm and forest lands, etc. The other major source is, in general, reevaluation of non-residential non-governmental properties to be assessed at 100%. Farms, vacant land and properties, lodges, railways, and similar sources would bring the total income, it is felt, up to the original level for 1976.

TWO LEVELS OF INEQUITY - POORER BOARDS

(1) We are faced with a twofold problem. First of all many boards outside the larger cities, do not have access to a fair share of this type of income. At the same time the boards in larger cities, having acquired spending habits in line with their favoured position are reluctant to allow anyone to have access to their windfall situation. Since the purpose of the Property Tax Reform is greater equity, at least as far as the burden of residential taxes is concerned, it has been proposed that all non-residential, non-governmental

assessment in the province be pooled and redistributed for tax income purposes on a per pupil basis. This would provide greater local bases for school board autonomy, leaving the provincial grants free to promote equal opportunity in a more normal framework. This is a vast undertaking but it is surely an inevitable matter for concern on the occasion of Property Tax Reform which should solve existing inequities and at least not create worse inequities.

It should be unthinkable that one board in the province because of its location and its local resources can spend more than 20 percent beyond the legislative grant ceiling, when another board in the same municipality cannot spend more than 3 or 5 percent beyond that ceiling, without incurring prohibitive mill rates. It should be noted also that access to abnormally swollen sources of new income, if not controlled, is a constant temptation for richer boards to spend recklessly.

GENERAL SOLUTION

Many boards feel therefore that some commitment by the Government to an equalizing effort by pooling of taxation is essential if this plan is to achieve some of its goals and at least not make discrepancies greater.

SECOND LEVEL - SEPARATE BOARDS

(2) For historic reasons the Blair Commission and one of its predecessors the Smith Commission on Taxation addressed themselves to a more concrete and fundamental inequity, that of the inability of separate schools to achieve a fair share of non-residential assessment because of the complications involved in assignment of non-personal property, to such schools. I draw attention to the fact that both the Smith Commission and the Blair Commission recognized this situation as inequi-

table, just the kind of situation tax reform is intended to correct. The Smith Commission recommended pooling of this assessment and distribution of tax income to public and separate boards on the basis of relative enrolment. The Blair Commission agreed, in a footnote, with the Smith Commission, but called for a study of the impact on total educational costs, for fear that separate boards might become prodigal sons if fairly treated. The Smith Commission added that the present situation creates a windfall situation for public schools which at least encourages extravagance.

A study of the Alternative Systems tables shows that the prejudicial impact on separate boards will be equal to if not worse than that on isolate and similar boards. Because the non-residential non-governmental sources of income cannot or may not at present allocate their taxes equitable, the separate school system will lack the added income necessary to relieve their ratepayers of present tax burdens.

If they wish to maintain adequate quality of education they will be obliged rather to raise mill rates and they may be facing the fatal competition of a public school board able to offer cut rates. This would hardly be in harmony with freedom of choice by separate ratepayers. I cannot emphasise enough that Property Tax Reform from this point of view will worsen the situation of separate school ratepayers where it would appear as a deliberate attempt to bankrupt the system. It must be seen in that light unless some adaptation is introduced.

SOLUTION - FIRST STEP

The provincial government itself has shown the way. It has decided to pool its payments in lieu and to distribute them between the public and separate systems, whose ratepayers are the ones who fill the provincial coffers.

In Alberta the government has gone further. It has allowed a certain time for non-residential non-governmental ratepayers to allocate their taxes, and after a cut-off date their assessment is automatically pooled and distributed between the two systems. There is no constitutional obstacle to such a policy and it appears most welcome by corporations which cannot easily solve the problem of how much to allocate and who do not wish to become involved in a political decision. While sympathetic to all poorer boards, I feel that some step of this kind in a concrete situation already partly recognized in law, could be implemented at once and might alleviate partly the detrimental impact of proposed tax reform.

If it is not done, separate school ratepayers and others who share their second class status would have to oppose the entire plan, regardless of its other good points.

SECOND STEP

A final word about the basis for distribution of pooled assessment. We feel it should be based on the service rendered by the body or agency receiving the income. In the school system that service is measured by pupil enrolment just as in hospitals it is based on numbers of beds or patients registered. Using the relative proportion of residential assessment, as is proposed for government payments in lieu of taxes means that boards having wealthier ratepayers or fewer children per family will be favoured. This is certainly no basis for justification of provincial support. The very minimum measurement of such support, in effect at Confederation, is the relative average enrolment of each public or separate system out of total enrolment. (Scott Act, Section 20)

EXAMPLE - RESIDENCE VERSUS ENROLMENT BASE

Here is an example. In Ottawa the separate school board

educates approximately one half of the elementary pupils or 50% with 8% of total commercial assessment, 30% of residential assessment and 22% of total assessment.* There will come a time when the equality of opportunity grant will be distorted beyond normal purposes and that time is looming right now. Residential assessment must remain freely assignable but non-residential can certainly be adjusted to correspond to the level of service to the community which is measureable by a per pupil allocation.

This should be seen at least as an interim solution of a problem which will be otherwise drastically compounded by a plan intended to iron out tax inequities in the province. Without invidious comparisons may I mention that not only has one of our Western provinces found a viable solution to this problem in the allocation of taxes by non-residential rate-payers, but will introduce legislation this year to base such allocation on a per pupil foundation.

The plan should obviously contain provisions to cushion the effect on boards who may, as a consequence, become a little more dependent on the provincial variable grant plan. But perhaps the impact on all boards and their unity in facing common problems could be a by-product of the Property Tax Reform plan, if the gap between rich and poor were narrowed.

*Other Figures: (1976)

<u>Board</u>	<u>% Comm.</u>	<u>%Res.</u>	<u>% Enr.</u>
Brant	2.5	15	22
Waterloo	6.7	21	35
Metro	3.7	16	32
Guelph	7	21	37

MUNICIPAL, SCHOOL BOARD EXEMPTION FROM RECIPROCAL PROPERTY TAXATION

According to the proposed Alternative System, issued on January 4, 1978 to the Task Force on Property Tax Reform, municipal and school board property would no longer be exempt from each other's taxing power.

School boards are opposed to this removal of an exemption which dates from pre-Confederation times.

We believe that the barrier which has been placed on the basis of long experience between school boards and municipal councils should not be breached in this way. The B.N.A. Act itself sets education apart from other functions of government and that privileged position corresponds with one of society's essential priorities, the training of the next generation.

School boards and municipal councils are parallel local bodies by which the same community provides itself with distinct services. They draw their support from the same ratepayers and money raised for municipal purposes should be used for that purpose, and money raised for education should be used for educational purposes. Cross taxation merely ties the ratepayer into a confused knot.

An opinion has been given to the Ministry of the Treasury, that taxation of a separate school board by a municipality for general purposes would not be clearly unconstitutional, although the exemption was in effect at Confederation. The argument is that both types of schools would be taxed. The question is even raised whether this is a purely educational matter coming under Section 93 of the B.N.A. Act.

Advisors to the separate school boards see this question in a larger framework involving rights of both public and separate school ratepayers.

They point out that assessment is very much a part of the matters covered by Section 93. In fact there are two ways of allocating taxes to the separate school system, one set out in the separate school legislation and the other set out in Section 23 of The Assessment Act. (See The Education Act, Sec. 1, s.s.1, para. 61).

They also point out that it is not a question whether taxation would be prejudicial to separate schools, but whether an exemption presently employed is a benefit. If it is a benefit and it is removed, that is unbeneficial, that is to say, prejudicial.

But this matter concerns rights of both public and separate ratepayers. A residential separate school ratepayer has always been exempt from taxes for public school purposes and public school ratepayers are exempt from taxes for separate school purposes. These pre-Confederation rights are maintained today in The Education Act, Sections 47 and 132. The taxation of the property of one board by another means in the end that taxes paid by residential separate school ratepayers to their board would be used eventually for public school purposes and vice versa. This is clearly and profoundly unconstitutional.

With regard to municipalities, a clause in the separate schools' part of The Education Act points to a similar conflict. A municipality cannot make a grant to one school system to the exclusion of the other school system, at the elementary level. Why not? Obviously because its funds are the product of taxes levied on its ratepayers who are either public or separate school supporters and who could object to their tax money being used to favour one system over the other school system.

We believe that the proposal therefore conflicts with a clear line of demarcation between public and separate school

ratepayers and boards, and between them and municipal councils. It is clearly contrary to the intent and wisdom of the B.N.A. Act. The present exemption should be maintained.

In this connection, it should be noted that the provincial government by making payments in lieu of taxes, voluntarily waives its exemption, but maintains the principle of exemption at the same time. The proposals we have commented upon would not be voluntary.

7. TRUSTEE MCINTOSH ON BEHALF OF OSTC

TAXATION OF EDUCATIONAL AND MUNICIPAL PROPERTIES

The taxation of educational and municipal properties is illusionary. Taxing oneself creates neither assessment nor relief for the ratepayer, only confusion. In the transfer of funds back and forth, there are no winners. For example, for education purposes, additional assessment reduces grants from the province and there will be significant increases in taxes to be borne by the real ratepayers (the homeowner, the tenant, the local businessman), and in areas that can least afford it. It is a high price to pay for what at best is a non-productive bookkeeping exercise and at worst, flim flam.

For those that are taken up with the accounting neatness of it all, there remains to be addressed the following:

- . At present there are a number of situations where land which happens to be owned by the school board is utilized as park land which falls under the responsibility of the municipality. There are agreements with respect to shared facilities involving cooperative efforts where one body owns the land and the other the facility. The decision to tax the property will immediately create a climate where decisions will be based on other than cooperative endeavours.
- . In view of the decision to continue exemption of private schools from taxation

and the fact that there are a number of facilities operated by Roman Catholic separate school boards in conjunction with private school boards, the wisdom of Solomon would be required to ascertain which rooms, which may, in the afternoon, be used by separate school pupils and in the morning by private school pupils, are to be subject to local taxes. How many people will be required to administer and adjudicate situations and how much red tape will be created at a time when the government has announced its intention to deregulate and simplify legislation, regulations and formulae.

- . There are very grave constitutional issues raised by the cross-taxation between separate school boards, boards of education and municipal governments.
- . School board responsibilities transcend municipal boundaries. Education programs and pupil services are board-wide. It is therefor not uncommon for children living in one municipality to attend schools located in another municipality. The concept underlying school financing is that taxes are shared on a board-wide basis not compartmentalized by municipality.

Trustees have worked through to its conclusion what appeared at first to be simply a policy to achieve consistency. The bottom line is that you are no better off by transferring money from your left pocket to your right pocket especially when you risk losing some in the transfer process.

CONCERN #1

PHASE-IN PROVISIONS

The recommendation has been made that municipalities be permitted to phase-in the effects of increased taxes on specific properties by "writing off the taxes" and charging back to the school board such taxes related to the municipalities concerned.

This would mean that the municipality which writes off the most and the quickest wins, while the ratepayers of all of the other municipalities (including to some degree, the municipality concerned) pick up the tab.

The recommendation that will enable municipalities to write off and charge back to school boards and upper-tier municipalities undertaken by a municipality under Section 636 (a) 1 (d) and (g) of The Municipal Act is

completely unacceptable to school boards. To place such a major decision-making power in the hands of one municipality where the results must be shared by all municipalities under the jurisdiction of a school board is contrary to basic democratic principles.

CONCERN #2

EFFECT OF SHIFTING MUNICIPAL TAX LOAD TO THE EDUCATIONAL TAXPAYER

The paper on "Payments in Lieu of Property Taxes under Property Tax Reform" was reviewed by the Working Committee of the Tax Reform Group. One of the statements in it was as follows:

"One result of the transition of full payments-in-lieu of taxes could be an illusory increase in education taxes as a proportion of the total Residential Property Tax Bill. For example, overall taxes might drop by \$100 for the average taxpayer but the proportion going to education might appear to rise substantially as a result of the conversion of grants into taxes paid by the Province."

There is nothing illusory about the fact that what

is going to be paid as payments in lieu for education properties is coming right off of grants that boards have been receiving (on a board by board basis), and that for municipal tax purposes, there is no direct reduction in the amounts for the municipalities concerned.

Even with the considerable amount of data made available, the shifts require more understanding before implementation should be risked.

CONCERN #3

EDUCATION FARM TAX REFORM

Stressed by the groups representing agriculture is that the proposals concerning farms make clear that payments made by the Government are not payments of farm taxes but rather reimbursements to the bodies to whom taxes would otherwise go for taxes foregone.

The trustees appreciate the position of the farm groups but wish to carry on the logic to include the grants for this purpose with the grants that are presently received and use the monthly basis of transferring that is already in effect.

There is absolutely nothing to be gained by introducing a "middleman" between the Provincial Government and the school board in the processing of Provincial payments of amounts in lieu of farm taxes.

CONCERN #4

TAX ON UNDEVELOPED LANDS

Concern has been expressed with respect to the forecast of substantial increased tax revenue from undeveloped lands.

The Trustees believe that such revenue is not necessarily collectable and may, in fact, be written off, thus placing a greater burden on the rest of the rate-payers.

It is also believed that the high tax on undeveloped land will tend to bring down the aggregate value of the lands, thus reduce further, the tax revenue, creating a vicious circle.

8. MAYOR MUNRO

Unavailable at this time: to be filed separately.

9. TRUSTEE SPENCER: PERSONAL COMMENTS

The more I study market value assessment, the less I like it.

Let's start with the deceit involved in imposing this supposedly equitable system on the Ontario economy. When I first joined this committee three months ago, uneasy about the proposed new tax system, I was told by my fellow committee members that the system was glorious because it allowed us to immediately offer lower mill rates to the voters in an election year. Better still, it would ensure we would never have to raise the mill rate again! Every two years the system will be brought up-to-date, people's property reassessed at a higher rate and that increased assessment will mean higher actual taxes for individuals even with the mill rate held constant. Some lucky municipal leaders will even be able to cut their mill rate while the total taxation revenue actually increased--Nirvannah for the local politician.

Picture the irate citizen calling to complain about his taxes after market value assessment. The citizen would attack the politician for increasing his taxes. The politician would counter-attack that it was probably the citizen's fault for having repaired his home, increasing its market value and therefore becoming subject to a tax increase. The citizen would respond: "But I haven't repaired my home--I don't have any money. The market value went up because richer people are moving

into my neighbourhood, buying up the properties at high rates, and renovating their homes--driving up the market value of my home and my taxes." The politician would retort: "But we've lowered the mill rate." The citizen, pursuing the point, protests that the politicians purchased a brand new ski lodge for the councillors. The politician reiterates: "But we have lowered the tax rate." The citizen, in frustration, hangs up.

Senior levels of government already profit from inflation. Now, local government will too. This is deceitful. It is dangerous. And it must be stopped.

Today one of the values of local government is that it's truly accountable. Its expenditures are restrained by the mill rate levying process. Market value would change all that. I believe in taxation with representation and I also believe that in the long run government at all levels is stronger if people can wade through the "Victim Blaming Bureaucracy" and demand accountability for any expenditures.

While we're dealing with deceit, let's look at the "pass through" mechanism. This committee voted not to recommend one to the government. But how can it approve any report on market value assessment without making sure the tax decreases for apartment tenants are actually passed on to those apartment dwellers--not grabbed up by the wealthy landlords. Already too many average citizens' market value assessment looks like another gift to Big Business--

with taxes going down for distillers and brewers and banks while taxes on homes and small businesses shoot up. Now the committee is confirming that suspicion.

Let's look at some of the figures for Metro Toronto. Half a million dollars will be returned to the developer of St. James Town in the form of lower property taxes, when the system goes through. Will the residents see their rents go down \$100 apiece, to reflect that decrease in the landlord's expenses? Not by a long shot. Thorncliffe Park will see a \$1.5 million gift to the developers. Will the residents see that money? Not if this committee has its way.

Not to have a pass through mechanism is not only deceitful; it is sheer lunacy. In Metro, when property reform is complete, 392,000 people will see taxes on their homes or apartments jump. Theoretically, 352,000 people will see their taxes go down, which makes the system sound plausible. But, in fact, some 290,000 of those people are in apartment buildings--and will be lucky to save a penny. So 392,000 will be hurt, and only 60,000 people will benefit. All under the banner of equity, or course.

Speaking of equity--since that has been the main purpose for pursuing market value assessment--let's ask some questions. Is it equitable to have a person pay more taxes because some whitepainters moved in on the block and have rennovated the neighbouring homes, boosting property values? Indeed, is it equitable for that

person to pay more taxes if they themselves improve their own home? Is it equitable for someone owning a \$60,000 home in the outskirts of Metro Toronto and in the inner city to pay the same taxes--when the home in the suburbs is on a lot three times the size of the one in the city, and is wasteful of land as well as more costly to service?

Originally, market value was supposed to be equitable because everyone would be paying taxes according to the same benchmark, the market-value of their property. But we have strayed so far from that concept that it just is no longer true. Banks will pay differently from distilleries, who will pay differently from car parks, who will pay differently from apartment tenants, who will pay differently from homeowners. What we will have done is gone from one system of differential payment rates to another system of differential payment rates--and created a great deal of pain for individuals in process.

In the 1960's, when market value was first considered, and the economy was booming, perhaps we could have endured that pain and the devastating effect it would have on the economy. But today our economy is in precarious shape, and introducing market value assessment will have as bad an effect as dropping the bomb on Hiroshima did. But unlike Hiroshima, this bomb won't impact on one centre; it will randomly devastate individuals,

pushing many over the financial brink, while their neighbours stand unaffected. Many individuals will see taxes on their homes skyrocket. Small businesses, already barely hanging on with the trend to chain stores and large scale, modern shopping malls, will be hit with awesome tax increases.

The current government has shown no genius for getting this economy back on its feet. But at least it should have the good sense not to hit the economy again when it's down.

The point has been made that we must have market value assessment to even out provincial grants. Right now grants to the various municipalities are inequitable because those grants are based on an assessment base that lacks uniformity and coherence. But the government could easily change its grant scheme to reflect the actual market value assessment of municipalities, as it has done with education grants for years, without necessarily making individuals pay taxes based on that scheme. All that is needed is a bureaucratic twist. Not a Hiroshima bomb.

A concluding point is that market value assessment will be the final cornerstone to the centralization and levelling

of local conditions across this incredibly diverse province and this by definition will damage the integrity of local communities. Right now, local neighbourhood assessment reflects existing historical responses to local conditions, of business and of style of residential living. The people in the community will lose this system--and in the process lose the ability to make their local government work for them, reflecting their wishes and needs.

For all those reasons, and many more I am opposed to market value reassessment at this time.

10. TRUSTEE SPENCER ON BEHALF OF ALSBO

GENERAL STATEMENT

Property Tax Reform, as a matter of general applicability and principle, is compelling. However, it has become increasingly and disturbingly apparent to the Association of Large School Boards of Ontario (ALSBO) (through participation in the intensive work and study by the Property Tax Reform Committee since January, 1978) that all implications and ramifications of the Province's proposed property tax system, which would introduce market value assessment throughout Ontario, still have not been fully considered.

ALSBO supports the use of market value assessment as a logical move in the development of a program designed to reform the local government finance system in Ontario.

Nevertheless, inequities have been introduced and special circumstances accommodated in the report of the Provincial-Local Government Committee on Property Tax Reform which cause ALSBO to question the advisability of proceeding with the proposed system of property tax reform operative in 1979. (Recommendation 8.3)

ALSBO will give general support to the Committee Report only if the Province of Ontario will commit sufficient funds to offset the immediate difficulties, unmistakably identified by the study data, which will be experienced by

a significant number (55%) of small businesses throughout the Province and by large numbers of single family residences, a significant portion of which are in Metro Toronto and the other large urban centres. Given the current climate, this is clearly not the time to increase the financial burden on these two classes of property.

SPECIFIC DISSENTS

Partial Graded Exemption

In the City of Toronto some 46,300 single family residences have, since 1922, benefited from the partial graded exemption. Clearly, this special provision cannot continue. These properties are widely dispersed throughout the City. Even without the partial graded exemption these residents would be most adversely affected by property tax reform. Therefore, a special phase-in must be provided. ALSBO dissents from the Committee Report which makes no specific provision for the City of Toronto's partial graded exempt properties and recommends that, in addition to Recommendations 1.1 to 1.6, the following be added:

- a) On any property in the City of Toronto where, since 1970, a building permit has been granted and work completed with the result that the assessment will be above \$4,000, the partial graded exemption be abolished and the property become subject to the normal provisions of market value assessment under property tax reform.

- b) From the date of the introduction of property tax reform throughout Ontario any transfer of title on a property benefiting from the partial graded exemption would immediately remove such property from the provisions of the partial graded exemption and the property would become subject to market value assessment under property tax reform.

Tenants Pass Through

Experience has proved that with 0 to 2 percent vacancy rate for rental accommodation, the market pricing system does not work. Unless enough rental accommodation is available on the market so that vacancy rate is 4 per cent or above, tenants need a measure of protection. Rent controls provide that protection.

ALSBO dissents from the Committee Report Recommendation 1.8:

A pass through mechanism which ensures that reductions in property tax following a move to market value assessment are shared by all tenants must be an integral part of the new system.

Business Tax - Definitions

Data studied by the Committee indicates that the "small business" category, to be subject to business assessment at thirty per cent of market value under the proposed system, will produce approximately 28 per cent of the total retail and commercial property taxes for the Province as a whole. To continue with the current category definitions on the grounds that reclassifications would involve "a great deal of work" perpetuates an intolerable range of anomalies.

Among businesses subject to the 30 per cent rate are: C.N. & C.P. telecommunications, Bell Canada, taxis, air lines, as well as hardware, jewellery, dry goods, clothing stores, etc.

ALSBO dissents from the Committee Report Recommendations 2.2 and recommends that:

The Retail and Commercial definitions be re-examined and new definitions introduced.

Land Intensive Recreational Businesses and Vacant Land

The data supporting the Committee Report shows that property tax reform will impact heavily on land intensive recreation businesses and vacant land. Special treatment

has been recommended for golf courses and other land intensive recreational properties.

ALSBO dissents from Recommendation 4.2 on the basis that land now utilized for general recreational purposes by the public may be forced into other use unless more specific and appropriate concessions are developed (as in the case of golf courses) for land intensive recreational businesses, eg., ski and other resorts, parkland and conservation authority lands other than farm land, managed forests and marshlands.

ALSBO recognizes that the proposal in the Committee Report relating to vacant land will have serious consequences if adopted.

ALSBO dissents from Recommendations 4.1 and 4.2 and recommends that:

These recommendations be subject to more study prior to implementation.

The Committee Report clearly identifies a problem but does not provide or suggest a viable solution.

APPENDIX I

RESPONSES TO THE ALTERNATIVE SYSTEM

The following municipalities, school boards, organizations and individuals submitted responses to the Alternative System as proposed on January 4. Submissions were still being received as this Report went to print. Considerable effort was expended to make this list as complete and accurate as possible. We apologize for any errors or omissions.

Ailsa Craig, Village of
Alliston, Town of
Anderson, Mrs. R. G. D., Willowdale, Ontario
Aurora, Town of
Ayrshire Cattle Club of Ontario

Barrie, City of
Barrie District Hunters and Anglers Conservation Club Inc.
Bishop of London
Blind River, Town of
Bobyk, John M., Toronto, Ontario
Bracebridge, Town of
Brant, County of
Brantford, City of
Brockville Sports and Conservation Club, Inc.
Burleigh and Anstruther, Township of
Burlington Social Planning Council

Campbell, Mrs. H. R., Kingston, Ontario
Canadian Bankers' Association
Canadian Council on Social Development
Canadian Manufacturers' Association
Canadian National Railway
Canadian Property Tax Agents Association
Canusa Coating Systems Ltd.
Carleton Separate School Board
Central Information Service, Hamilton and District
Charlton, Town of
Chrysler Canada Ltd.
CNIB, St. Catharines
Colchester North, Township of
Committee of Concern for Rental Housing in Ontario
Costi
CP Rail

Dalton, Township of
Date, D.J., London, Ontario
Delhi, Township of
Denbigh, Abinger and Ashby, Township of
Desoronto, Town of
Devai, Ed, Downsview, Ontario
Dobey, Ella, Toronto, Ontario
Domtar Construction Materials
Dover, Township of
Downie, Philip F., Principal, Welland High Vocational School
Downtown Business Council
Ducks Unlimited (Canada)
Dufferin-Peel Separate School Board

Dummer, Township of
Dundas, Town of
Dunford, R.A., Oakville, Ontario
Durham, Regional Municipality of
Durham Board of Education

Elm Grove Camp
Ennismore, Township of
Espanola, Town of
Etobicoke Board of Education

Fort Erie, Town of
Front of Leeds and Lansdowne, Township of
Frontenac, County of
Frontenac County Board of Education (including Frontenac
County and City of Kingston)

Gauthier, Mr. and Mrs. F., Windsor, Ontario
Glendale Golf and Country Club
Glenelg, Township of
Goderich, Town of
Greater Barrie Chamber of Commerce
Guelph, City of
Guiou, Norman M., Ottawa, Ontario

Haldimand-Norfolk, Regional Municipality of
Haliburton, County of

Hamilton, Township of
Hamilton Golf Country Club Ltd.
Hamilton-Wentworth, Regional Municipality of
Handicapped Action Group, Inc.
Hastings County Board of Education
Hearst, Town of
Herschel, Township of
Hinchibrooke, Township of
Huntsville, Town of
Huron, County of

Innisfil, Township of

Jaeger, Martin, Scarborough, Ontario
Jaffray and Melick, Township of
Jones, Mr. George, Toronto, Ontario

King, Township of

Lambton County Separate School Board
Lloyd, B.M., Toronto, Ontario
London Board of Education
London, City of

London and Middlesex County Separate School Board
Long, Mr. Norman W., Toronto, Ontario
Love, Mrs. D. Jean

March, Township of
Markham, Town of
Martin, Jean, Agincourt, Ontario
Massey, Town of
Melancthon, Township of
Meredith D.D.S., Douglas
Merrickville, Village of
Metropolitan Toronto Separate School Board
Metropolitan Toronto Board of Education
Middleton, Mr. A.C., Toronto, Ontario
Mono, Township of
Mooney, Mrs. Irene
Municipal Tax Collectors of Ontario
Muskoka, District Municipality of
Muskoka Lakes, Township of

National Council of YMCA's of Canada
Niagara, Regional Municipality of
Niagara Falls, City of
Niagara-on-the Lake, Town of
Niagara South Board of Education
Normanby and Bentinck, Townships of
Norrie, G.C., Oakville, Ontario
North Burgess, Township of

Oakville, Town of

Ontario Association of Alternative and Independent Schools

Ontario Association of Governing Bodies of Independent Schools

Ontario Chicken Producers' Marketing Board

Ontario Federation of Agriculture

Ontario Federation of Anglers and Hunters

Ontario March of Dimes, Ability Centre

Ontario Mining Association

Ontario Public School Trustees Association

Orillia Fish and Game Conservation Club

Otonabee, Township of

Ottawa, City of

Paris, Town of

Peel County Federation of Agriculture

Peel County Holstein Club

Peel Halton Cattlemen's Association

Pemberton, Mr. R. H., Toronto, Ontario

Pembroke Outdoor Sportsman's Club

Perth, County of

Perth County Board of Education

Peter Ellero and Son Ltd.,

Picton, Town of

Port Hope, Town of

Portland, Township of

Puslinch and Guelph, Township of

Renfrew, Town of

Retail Council of Canada

Richmond Hill, Town of

Samsen, Mrs. D. M., Toronto, Ontario
Sarnia, City of
Scarborough, Borough of
Scarborough Board of Education
Sekeris, Mr. P., Sarnia, Ontario
Shell Canada Ltd.
Short, Roger J., Toronto, Ontario
Smith, P. F., London, Ontario
Social Planning Council of Hamilton and District
Social Planning Council of Ottawa-Carleton
Spanish River, Township of The
St. Catharines, City of
Steeke, Mrs. Alfred J., Weston, Ontario
Stormont, Dundas, and Glengarry County Separate
School Board

Tecumseh, Town of
Texasgulf, Inc.
Thorold, City of
Thunder Bay, City of
Timmins-Porcupine Chamber of Commerce
Toronto, City of
Toronto District Ayrshire Cattle Breeders Club
Toronto Real Estate Board
Tosorontio, Township of
Tucker, Mr. D. H., Ottawa, Ontario

Underwood Farms
United Church of Canada
United Way of Oakville

Vankleek Hill, Town of

Ward, Phillip J., Toronto, Ontario

Waterloo, Regional Municipality of

Wellington County Separate School Board

Wiarton, Town of

Wilson, Douglas W., Oshawa, Ontario

Windermere House, Lake Rosseau, Windermere, Muskoka

Windsor, City of

Winters, Gordon, Grand Valley, Ontario

Woolwich, Township of

YMCA, Toronto

York, Borough of

York Board of Education

Young Women's Christian Association of Canada

Young Women's Christian Association of Hamilton

YWCA, Ottawa Street Branch, Hamilton, Ontario

APPENDIX II: COMMITTEE MEMBERSHIP

Main Committee

J.W. Beath, ACRO
R. Crosby, NOPSSTA
G. Dean, AMO (Chairman)
A. Eggleton, Metro
D.C. Frith, AMO (Acting Chairman)
P. Godfrey, Metro
T. Kennedy, AMO
C. Kidd, ACRO
R. Landriault, AFCSO
Father C.J. Matthews, OSSTA
L. McIntosh, OPSTA
D. Munro, ROMA
R. Spencer, ALSBO
A. Snowe, ROMA
B. Weeks, AMO

Technical Sub-Committee

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W. Aughey, AMCTO
G. Boyce, NOPSSTA
P. Clute, MLC
R. Eddy, ACRO
L. Feldman, ALSBO
L. H. Findlay, NOPSSTA
S. Gordon, MLC
E. Graham, NOPSSTA
R. Groulx, AFCSO
E. Joyce, OSSTA
R. Metrick, AMO
S. McKinley, ALSBO
D. S. Paton, ALSBO
F. Poulter, NOPSSTA
W. Rice, AMCTO
D. Richmond, Metro
R. Rooks, AMCTO
D. Schaefer, AMO (Chairman)
A. Sedunow, AMO
R. Smith, OPSTA
A. Solski, AMCTO
H. Toswell, NOPSSTA
K. Wormald, OPSTA

PROVINCIAL PARTICIPANTS

Main Committee

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Hon. L. Maeck, Minister of Revenue
Hon. T. Wells, Minister of Education
Mr. G. Ashe, MPP, Parliamentary Assistant
to the Treasurer of Ontario

Technical Sub-Committee

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L. Close, TEIA
K. Fletcher, Education
P. Gillis, Revenue
R. Illingworth, TEIA
G. Jamison, TEIA
A. MacKay, Revenue
J. Martin, Education
J. Marlatt, TEIA
H. Ploeger, TEIA
J. Tylee, TEIA
P. Venton, TEIA



